

Ford Keast^{LP}

Chartered Professional Accountants

Bringing Solutions Together

624 Maitland Street
London, Ontario N6B 2Z9

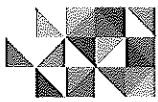
Ph 519.679.9330
Fx 519.679.3204

www.FordKeast.com

MADAME VANIER CHILDREN'S SERVICES

Financial Statements

Year ended March 31, 2017



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Madame Vanier Children's Services

We have audited the accompanying financial statements of Madame Vanier Children's Services which comprise the statement of financial position as at March 31, 2017, 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 controls 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 charitable organizations, Madame Vanier Children's Services derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Madame Vanier Children's Services and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenditures, fund balances, and cash flows for the year ended March 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Madame Vanier Children's Services as at March 31, 2017 and its financial performance and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

London, Ontario
June 22, 2017

Ford Keast LLP
Chartered Professional Accountants
Licensed Public Accountants

MADAME VANIER CHILDREN'S SERVICES

Statement of Financial Position as at March 31, 2017

	Operating Fund	Restricted Fund	2017	2016
ASSETS				
CURRENT				
Cash	\$ -	\$ 107,888	\$ 107,888	\$ 18,394
Accounts receivable	271,519	3,800	275,319	263,396
Government remittances receivable	53,238	-	53,238	57,477
Prepaid expenses	-	-	-	41,667
Due from operating fund	-	76,400	76,400	110,000
	324,757	188,088	512,845	490,934
Capital assets (Note 3)	335,012	-	335,012	377,393
	\$ 659,769	\$ 188,088	\$ 847,857	\$ 868,327
LIABILITIES				
CURRENT				
Cheques written in excess of funds on hand	\$ 89,719	\$ -	\$ 89,719	\$ 135,624
Bank indebtedness (Note 4)	120,000	-	120,000	260,000
Accounts payable and accrued liabilities	354,005	13	354,018	308,720
Accrued liability to Ministry of Children and Youth Services (Note 8)	5,412	-	5,412	17,597
Demand loan payable (Note 5)	17,924	-	17,924	33,900
Due to restricted fund	76,400	-	76,400	110,000
Deferred contributions (Note 6)	35,508	174,139	209,647	193,960
Long-term debt due within one year	-	-	-	13,908
	698,968	174,152	873,120	1,073,709
LONG-TERM DEBT, repaid during the year	-	-	-	21,134
DEFERRED CONTRIBUTIONS - CAPITAL ASSETS (Note 7)	131,841	-	131,841	131,841
	830,809	174,152	1,004,961	1,226,684
NET ASSETS (DEFICIT):				
Internally restricted	-	13,936	13,936	3,730
Unrestricted	(171,040)	-	(171,040)	(362,087)
	(171,040)	13,936	(157,104)	(358,357)
	\$ 659,769	\$ 188,088	\$ 847,857	\$ 868,327

MADAME VANIER CHILDREN'S SERVICES

Statement of Changes in Net Assets (Deficit)
Year ended March 31, 2017

	Operating Fund	Restricted Fund	2017	2016
Balance, beginning of year	\$ (362,087)	\$ 3,730	\$ (358,357)	\$ (285,846)
Excess (deficiency) of revenue over expenses	160,454	40,799	201,253	(72,511)
Interfund transfers (Note 11)	30,593	(30,593)	-	-
Balance, end of year	\$ (171,040)	\$ 13,936	\$ (157,104)	\$ (358,357)

MADAME VANIER CHILDREN'S SERVICES

Statement of Operations
Year ended March 31, 2017

	Operating Fund	Restricted Fund	2017	2016
REVENUE				
Ministry of Children and Youth Services	\$ 6,780,235	\$ -	\$ 6,780,235	\$ 6,731,243
Children's Aid Societies and CSCN	2,256,277	-	2,256,277	2,155,994
Fee for service and expense recoveries	718,825	-	718,825	690,150
Grants	-	120,088	120,088	75,000
Donations and fundraising	-	119,676	119,676	101,666
Other programs and interest	6,795	161	6,956	41,590
Amortization of deferred contributions related to capital assets (Note 7)	-	-	-	2,397
	<u>9,762,132</u>	<u>239,925</u>	<u>10,002,057</u>	<u>9,798,040</u>
EXPENSES				
Wages and benefits	7,814,378	-	7,814,378	7,895,419
Purchased services	427,247	-	427,247	494,121
Building occupancy	422,092	-	422,092	360,439
Program supplies and services	59,393	199,126	258,519	219,643
Information technology	187,743	-	187,743	158,738
Office administration	129,123	-	129,123	126,498
Food services	112,970	-	112,970	112,735
Utilities	104,575	-	104,575	93,243
Staff travel, training, meetings, and events	102,310	-	102,310	110,266
Professional fees	83,535	-	83,535	139,614
Insurance	44,035	-	44,035	41,261
Amortization	42,380	-	42,380	32,074
Membership dues	28,380	-	28,380	28,069
Clients' personal needs	18,109	-	18,109	22,063
Automotive	13,000	-	13,000	16,137
Interest and bank charges	8,058	-	8,058	7,188
Promotion and publicity	3,138	-	3,138	10,148
Board	1,212	-	1,212	2,895
	<u>9,601,678</u>	<u>199,126</u>	<u>9,800,804</u>	<u>9,870,551</u>
Excess (deficiency) of revenue over expenses	\$ 160,454	\$ 40,799	\$ 201,253	\$ (72,511)

MADAME VANIER CHILDREN'S SERVICES

Statement of Cash Flows
Year ended March 31, 2017

	2017	2016
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 201,253	\$ (72,511)
Add (deduct) non-cash items:		
Amortization	42,380	32,074
Amortization of deferred contributions related to capital assets	-	(2,397)
Change in non-cash working capital items related to operations (Note 10)	82,783	(286,312)
	<u>326,416</u>	<u>(329,146)</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	-	(32,812)
FINANCING ACTIVITIES		
Payments on long-term debt	(35,041)	(13,563)
Increase in demand loan payable	-	30,000
Payments on demand loans payable	(15,976)	(23,054)
	<u>(51,017)</u>	<u>(6,617)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	275,399	(368,575)
Cash (bank indebtedness), beginning of year	<u>(377,230)</u>	<u>(8,655)</u>
CASH (BANK INDEBTEDNESS), END OF YEAR	\$ (101,831)	\$ (377,230)
REPRESENTED BY:		
Cash	\$ 107,888	\$ 18,394
Cheques written in excess of funds on hand	(89,719)	(135,624)
Bank indebtedness	<u>(120,000)</u>	<u>(260,000)</u>
	<u>\$ (101,831)</u>	<u>\$ (377,230)</u>

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2017

1. DESCRIPTION OF THE ORGANIZATION

Madame Vanier Children's Services, ("Madame Vanier"), is a non-profit children's mental health centre incorporated without share capital under the Ontario Business Corporations Act. Madame Vanier is a registered charity as designated by the Income Tax Act (Canada) as such is exempt from taxes on income.

The mission statement is:

To help children to reach their full potential by working with the child and family's unique strengths, needs and culture to prevent or reduce serious mental health problems.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below:

Fund Accounting

Revenue and expenses related to contracted program delivery and administration activities are reported in the Operating Fund.

Other non-contracted programming, fund-raising, donations and related expenses are reported in the Restricted Fund.

Revenue Recognition

Madame Vanier follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions covering specific operational periods are recognized as revenue on a prorated basis over the operational period. All other unrestricted contributions and other revenues are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions restricted for the purpose 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.

Capital Assets

Capital assets are recorded at acquisition cost. Contributed capital assets are recorded at market value at the date of contribution. Capital asset purchases having a useful life of greater than one year or which substantially extend the useful life of an existing capital asset are capitalized. Capital assets are amortized on a straight-line basis using the following annual rates:

Building	3.33%
Furniture & Equipment	10 %
Computer	25 %
Vehicles	25 %
Playground	10 %

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Measurement of Financial Instruments:

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations in the year.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in excess (deficiency) of revenue over expenses.

Transaction Costs:

The organization recognizes its transactions costs in excess (deficiency) of revenue over expense in the period incurred. However, financial instrument that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Contributed Services

Contributed services by volunteers are not recognized in these financial statements due to the difficulty in determining their fair market value.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Specific estimates made by management include amortization, deferred contributions related to capital assets, and deferred contributions. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess (deficiency) of revenue over expense in the period in which they become known.

Cash and Cash Equivalents

Cash as disclosed on the statement of financial position consists of cash on hand and balances with the bank.

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements
March 31, 2017

3. CAPITAL ASSETS

Operating Fund:

	Cost	Accumulated Amortization	Net	
			2017	2016
Land	\$ 162,999	\$ -	\$ 162,999	\$ 162,999
Building	2,529,705	2,405,595	124,110	124,110
Furniture & Equipment	237,551	232,758	4,793	9,587
Computer	521,205	483,671	37,534	57,691
Vehicles	69,164	63,588	5,576	23,006
	<u>\$ 3,520,624</u>	<u>\$ 3,185,612</u>	<u>\$ 335,012</u>	<u>\$ 377,393</u>

Restricted Fund:

	Cost	Accumulated Amortization	Net	
			2017	2016
Playground	\$ 243,942	\$ 243,942	\$ -	\$ -

4. BANK INDEBTEDNESS

The bank indebtedness with Libro Credit Union is secured by a general security agreement, land and building with net book value \$287,109 (2016 - \$287,109). Madame Vanier has an authorized credit line of \$300,000. Interest is charged at prime plus 1.5% per annum. This debt is subject to financial covenant requirements with its lender. As at March 31, 2017, the organization is in compliance with its debt service coverage requirement.

5. DEMAND LOAN PAYABLE

The demand loan payable was established for the purchase of computer equipment, and is secured by a general security agreement. The demand loan is repayable in monthly instalments of \$888 principal and interest, at a rate of the bank's prime plus 1.5% until November 1, 2018 upon which the remaining loan balance is payable in full.

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2017

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent funding restricted for program expenditures in a future period. Changes in the deferred contribution balances are as follows:

	Opening 2017	Received	Expenditures	Ending 2017
Restricted Fund				
Staff Development (Joan Smith)	\$ 37,635	\$ 20,543	\$ 6,082	\$ 52,096
Parent Mentoring (HOPE)	40,099	8,637	-	48,736
French Language	21,338	-	-	21,338
In Memory of Bev Boam	-	46,185	32,492	13,693
Early Intervention	9,365	290	-	9,655
BBQ Fund	-	7,245	1,115	6,130
Playground	-	35,000	30,000	5,000
FIT Program (Lawson Foundation)	1,820	10,000	8,221	3,599
Focused Family Therapy	3,052	40	-	3,092
School Community Intervention Partnership	2,646	-	-	2,646
Photo Voice	2,158	1,079	668	2,569
Prevention & Maintenance of Aggressive Behaviour	2,293	-	-	2,293
Professional Development	2,201	-	-	2,201
RBC Foundation	1,091	-	-	1,091
	123,698	129,019	78,578	174,139
Operating Fund	70,262	20,000	54,754	35,508
	\$ 193,960	\$ 149,019	\$ 133,332	\$ 209,647

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions which were used to upgrade building, equipment, and computers. The funding is amortized to revenue in accordance with the capital asset amortization policy. The changes in the deferred contributions are as follows:

	2017	2016
Balance, beginning of year	\$ 131,841	\$ 124,651
Add contributions	-	9,587
Less amounts amortized to revenue	-	2,397
Balance, end of year	\$ 131,841	\$ 131,841

8. ACCRUED LIABILITY TO MINISTRY OF CHILDREN AND YOUTH SERVICES

The accrued liability to Ministry of Children and Youth Services represents revenue received in excess of expenditures for the children and family services provided to the Ministry. The amount repayable to the Ministry has been reported with a corresponding decrease to the revenue amount received.

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements

March 31, 2017

9. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Transactions in financial instruments may result in financial risks being assumed by the organization. The risks identified by the organization are as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk from clients and family support services agencies. An allowance for doubtful accounts, if required, is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization does not have any significant credit risk concentration.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk as the value of its bank indebtedness and its demand loan is affected by future market changes in rates.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations as they become due. The organization is exposed to significant liquidity risk without the support of its funding agencies and its bank.

It is management's belief that the organization is not exposed to significant currency or market risk. There have been no significant changes in the nature or concentration of the risk exposures from the prior year.

10. STATEMENT OF CASH FLOWS

The change in non-cash working capital balances related to operations referred to in the statement is determined as follows:

	2017	2016
(INCREASE) DECREASE IN CURRENT ASSETS:		
Accounts receivable	\$ (11,922)	\$ 648
Government remittances receivable	4,239	(16,773)
Prepaid expenses	41,667	(39,951)
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	45,297	(328,632)
Accrued liability to Ministry of Children and Youth Services	(12,185)	8,279
Deferred contributions	15,687	90,117
Net change	\$ 82,783	\$ (286,312)

11. INTERFUND TRANSFERS

The Directors approved by way of a board resolution the transfer from the Restricted Fund to the Operating Fund an the amount of \$30,593 to repay the long term debt.