

Madame Vanier Children's Services

Financial Statements

Year ended March 31, 2022



Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of Madame Vanier Children's Services, which comprise the Statement of Financial Position as at March 31, 2022, and the Statements of Operations, 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 Madame Vanier Children's Services as at March 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Madame Vanier Children's Services derives revenue from donations and 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 Madame Vanier Children's Services. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, net revenue, fund balances and cash flows from operations for the years ended March 31, 2022 and March 31, 2021. Our audit opinion on the financial statements 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 Madame Vanier Children's Services 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 opinion.

Emphasis of Matter

We draw attention to Note 9 of the financial statements, which describes the effects of the COVID-19 pandemic on Madame Vanier Children's Services' operations. Our opinion is not modified in respect of this matter.

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 Madame Vanier Children's Services'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 Madame Vanier Children's Services or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Madame Vanier Children's Services's financial reporting process.

Bringing Solutions Together

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 Madame Vanier Children's Services'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 Madame Vanier Children's Service'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 Madame Vanier Children's Services'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 Madame Vanier Children's Services 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 achieve 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.

Ford Keast LLP

London, Ontario
July 28, 2022

**Chartered Professional Accountants
Licensed Public Accountants**

Madame Vanier Children's Services

Statement of Financial Position as at March 31, 2022

	Operating Fund	Restricted Fund	2022	2021
Assets				
Current				
Cash	\$ 780,518	\$ 675,722	\$ 1,456,240	\$ 1,232,182
Accounts receivable	83,824	-	83,824	94,083
Government remittances receivable	62,464	-	62,464	53,450
Prepaid expenses and deposits	15,583	-	15,583	4,194
Due from restricted fund	9,659	-	9,659	6,698
	952,048	675,722	1,627,770	1,390,607
Capital Assets (Note 3)	483,865	-	483,865	450,376
	\$ 1,435,913	\$ 675,722	\$ 2,111,635	\$ 1,840,983
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 387,239	\$ -	\$ 387,239	\$ 411,666
Accrued liability to Ministry of Health (Note 7)	232,456	-	232,456	215,801
Due to operating fund	-	9,659	9,659	6,698
Deferred contributions (Note 5)	22,023	302,369	324,392	336,452
	641,718	312,028	953,746	970,617
Deferred Contributions				
- Capital Assets (Note 6)	341,536	-	341,536	266,289
	983,254	312,028	1,295,282	1,236,906
Net Assets				
Internally restricted	-	363,694	363,694	288,470
Unrestricted	452,659	-	452,659	315,607
	452,659	363,694	816,353	604,077
	\$ 1,435,913	\$ 675,722	\$ 2,111,635	\$ 1,840,983

Approved by the Board of Directors:



Director

Director

Madame Vanier Children's Services

Statement of Changes in Net Assets
Year ended March 31, 2022

	Operating Fund	Restricted Fund	2022	2021
Balance, beginning of year	\$ 315,607	\$ 288,470	\$ 604,077	\$ (216,155)
Net revenue	137,052	75,224	212,276	820,232
Balance, end of year	\$ 452,659	\$ 363,694	\$ 816,353	\$ 604,077

Madame Vanier Children's Services

Statement of Operations
Year ended March 31, 2022

	Operating Fund	Restricted Fund	2022	2021
Revenue				
Ministry of Health	\$ 7,516,574	\$ -	\$ 7,516,574	\$ 8,164,486
Children's Aid Societies and CSCN	786,953	-	786,953	925,637
Donations and fundraising	-	255,007	255,007	312,397
Fee for service and expense recoveries	93,697	-	93,697	99,979
Grants	67,500	-	67,500	67,500
Other programs and interest	54,895	2,189	57,084	49,278
Amortization of deferred contributions related to capital assets (Note 6)	14,953	-	14,953	14,953
	<u>8,534,572</u>	<u>257,196</u>	<u>8,791,768</u>	<u>9,634,230</u>
Expenses				
Wages and benefits	6,835,444	47,210	6,882,654	7,356,918
Purchased services	514,436	75,225	589,661	284,920
Building occupancy	303,043	-	303,043	198,789
Professional fees	221,537	27,738	249,275	195,482
Information technology	235,104	-	235,104	173,100
Office administration	121,954	2,315	124,269	124,720
Utilities	83,221	-	83,221	77,598
Staff travel, training, meetings, and events	73,672	-	73,672	56,227
Food services	57,806	-	57,806	70,913
Insurance	57,484	-	57,484	50,113
Membership dues	46,997	-	46,997	24,242
Program supplies and services	18,567	23,763	42,330	38,631
Amortization	21,202	-	21,202	15,733
Clients' personal needs	13,190	-	13,190	13,501
Automotive	7,547	-	7,547	5,694
Promotion and publicity	473	5,721	6,194	62,837
Board	2,498	-	2,498	1,414
Interest and bank charges	1,244	-	1,244	4,443
COVID-19 Fall preparedness	-	-	-	868,597
COVID-19 emergency funds	-	-	-	42,300
	<u>8,615,419</u>	<u>181,972</u>	<u>8,797,391</u>	<u>9,666,172</u>
Net operating revenue	(80,847)	75,224	(5,623)	(31,942)
Under-spending of MOH revenue (Note 7)	(1,300)	-	(1,300)	(30,312)
Government assistance (Note 10)	219,199	-	219,199	882,486
Net revenue	\$ 137,052	\$ 75,224	\$ 212,276	\$ 820,232

Madame Vanier Children's Services

Statement of Cash Flows
Year ended March 31, 2022

	2022	2021
Cash provided by (used in):		
Operating Activities		
Net revenue	\$ 212,276	\$ 820,232
Add (deduct) non-cash items:		
Amortization	21,202	15,733
Amortization of deferred contributions related to capital assets	(14,953)	(14,953)
Gain on disposition of capital assets	(8,500)	-
Change in non-cash working capital items related to operations:		
Accounts receivable	10,260	132,100
Government remittances receivable	(9,014)	(91)
Prepaid expenses and deposits	(11,389)	10,713
Accounts payable and accrued liabilities	(24,427)	(54,254)
Accrued liability to Ministry of Health	16,655	30,312
Deferred contributions	(12,060)	98,228
	<u>180,050</u>	<u>1,038,020</u>
Investing Activities		
Acquisition of capital assets:		
Building	-	(131,023)
Furniture & equipment	-	(36,306)
Vehicles	(54,692)	-
Proceeds from disposal of capital assets	8,500	-
	<u>(46,192)</u>	<u>(167,329)</u>
Financing Activities		
Increase in deferred contributions related to capital assets	90,200	167,329
Increase in cash	224,058	1,038,020
Cash, beginning of year	1,232,182	194,162
Cash, end of year	<u>\$ 1,456,240</u>	<u>\$ 1,232,182</u>

Madame Vanier Children's Services

Notes to Financial Statements
March 31, 2022

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) and as such is exempt from taxes on income.

Mission Statement:

Vanier Children's Services improves the lives of infants, children, youth, and their families through the provision of mental health services and supports based on clinical excellence, collaboration, partnerships, and system leadership.

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

In order to ensure observance of the limitations and restrictions placed on the use of resources available, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donor or in accordance with the directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors.

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 and all 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. Government assistance revenue is recognized on the accrual basis at the end of the subsidy period.

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, 2022

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 net revenue.

Transaction Costs:

The organization recognizes its transactions costs in net revenue in the period incurred. However, financial instruments 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 useful lives of capital assets, amortization rates and methods, deferred contributions related to capital assets, deferred contributions and Ministry of Health underspent funding repayable. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess 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, 2022

3. Capital Assets

Operating Fund:

	Cost	Accumulated Amortization	Net	
			2022	2021
Land	\$ 162,999	\$ -	\$ 162,999	\$ 162,999
Building	2,684,156	2,441,558	242,598	254,701
Furniture & equipment	273,857	244,812	29,045	32,676
Computer	521,205	521,205	-	-
Vehicles	100,981	51,758	49,223	-
	<u>\$ 3,743,198</u>	<u>\$ 3,259,333</u>	<u>\$ 483,865</u>	<u>\$ 450,376</u>

Restricted Fund:

	Cost	Accumulated Amortization	Net	
			2022	2021
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 \$405,597 (2021 - \$417,700). Madame Vanier has an authorized credit line of up to \$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, 2022, the organization is in compliance with its debt service coverage requirement.

Madame Vanier Children's Services

Notes to Financial Statements
March 31, 2022

5. Deferred Contributions

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

	Opening 2022	Received	Expenditures	Ending 2022
Restricted Fund				
Access Fund	\$ 67,860	\$ -	\$ 2,764	\$ 65,096
Parent Mentoring (HOPE)	35,816	45,000	21,259	59,557
Public Health - Tandem Covid	-	150,000	95,450	54,550
Staff Development (Joan Smith)	49,136	730	-	49,866
Cultural Enhancement	28,585	-	-	28,585
Playground	14,679	-	-	14,679
FIT Program (Lawson Foundation)	9,419	-	-	9,419
Education/Training for Therapist	-	5,000	-	5,000
Photo Voice	3,811	1,000	-	4,811
Talk-In Clinics	3,162	-	-	3,162
Focused Family Therapy	3,092	-	-	3,092
BBQ Fund	1,361	-	-	1,361
Holiday Giving	-	5,838	4,805	1,033
Cottages	1,548	-	531	1,017
In Memory of Bev Boam	421	-	-	421
PAIR Clinic	450	-	45	405
Sensory Items	315	-	-	315
United Way Covid	54,618	-	54,618	-
Reflective Supervision	-	2,500	2,500	-
	274,273	210,068	181,972	302,369
Operating Fund	62,179	9,500	49,656	22,023
	\$ 336,452	\$ 219,568	\$ 231,628	\$ 324,392

6. 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:

	2022	2021
Balance, beginning of year	\$ 266,289	\$ 113,913
Add contributions received during the year	90,200	167,329
Less amounts amortized to revenue	(14,953)	(14,953)
Balance, end of year	\$ 341,536	\$ 266,289

During the year \$90,200 was received from the Ministry of Children, Community and Social Services for the replacement of siding. The capital project is to be completed early in fiscal 2023, and the contributions will begin to be amortized to revenue at that time.

Madame Vanier Children's Services

Notes to Financial Statements
March 31, 2022

7. Accrued Liability to Ministry of Health

The accrued liability to Ministry of Health ("MOH") represents revenue received in excess of expenditures for the children and family services provided to the Ministry. The amount repayable to the Ministry for the current year has been reflected below the net revenue on the statement of operations.

8. 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 bank indebtedness (when utilized) is exposed to fluctuating interest rates. Accordingly, the organization's exposure to interest rate risk is dependent upon future market rates compared to rates currently established.

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, extent or concentration of the risk exposures from the prior year.

9. COVID-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This pandemic has impacted the demand for and ability to provide services in last two fiscal years. The pandemic may also impact future operations and could result in additional costs to respond to the situation, or lower revenues from operations. The overall impact to the organization is not determinable at the date of these financial statements; however, it may be material and could include changes to operations and the financial position of the organization.

Madame Vanier Children's Services

Notes to Financial Statements

March 31, 2022

10. Government Assistance

During the year the organization applied and was approved for a federal subsidy of \$219,199 (2021 - \$882,486) as part of the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy (TWS) programs. The purpose of these programs is to enable businesses affected by COVID-19 to re-hire and retain employees. The organization recognized the subsidy in government assistance revenue.