Madame Vanier Children's Services

Financial Statements

Year ended March 31, 2023

Ford Keast LLP
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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, 2023, 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, 2023 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, 2023 and March 31, 2022. 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.

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.

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.

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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
June 22, 2023

Chartered Professional Accountants
Licensed Public Accountants

Madame Vanier Children's Services

Statement of Financial Position as at March 31, 2023

	Operating Fund	Restricted Fund	2023	2022
Assets				
Current				
Cash	$ 1,151,367	$ 236,812	$ 1,388,179	$ 1,456,240
Short-term investments	-	500,000	500,000	-
Accounts receivable	178,442	20	178,462	83,824
Government remittances receivable	149,621	-	149,621	62,464
Prepaid expenses and deposits	57,863	-	57,863	15,583
Due from restricted fund	93,165	-	93,165	9,659
	1,630,458	736,832	2,367,290	1,627,770
Capital Assets (Note 3)	511,888	-	511,888	483,865
	$ 2,142,346	$ 736,832	$ 2,879,178	$ 2,111,635
Liabilities				
Current				
Accounts payable and accrued liabilities	$ 679,563	$ -	$ 679,563	$ 387,239
Accrued liability to Ministry of Health (Note 5)	813,731	-	813,731	232,456
Due to operating fund	-	93,165	93,165	9,659
Deferred contributions (Note 6)	84,500	276,088	360,588	324,392
	1,577,794	369,253	1,947,047	953,746
Deferred Contributions				
- Capital Assets (Note 7)	236,383	-	236,383	341,536
	1,814,177	369,253	2,183,430	1,295,282
Net Assets				
Internally restricted	-	367,579	367,579	363,694
Unrestricted	328,169	-	328,169	452,659
	328,169	367,579	695,748	816,353
	$ 2,142,346	$ 736,832	$ 2,879,178	$ 2,111,635

Approved by the Board of Directors:

Sally Zandi

Director

Director

Madame Vanier Children's Services

Statement of Changes in Net Assets
Year ended March 31, 2023

	Operating Fund	Restricted Fund	2023	2022
Balance, beginning of year	$ 452,659	$ 363,694	$ 816,353	$ 604,077
Net revenue (expense)	(124,490)	3,885	(120,605)	212,276
Balance, end of year	$ 328,169	$ 367,579	$ 695,748	$ 816,353

Madame Vanier Children's Services

Statement of Operations
Year ended March 31, 2023

	Operating Fund	Restricted Fund	2023	2022
Revenue				
Ministry of Health	$ 8,691,560	$ -	$ 8,691,560	$ 7,516,574
Children's Aid Societies and CSCN	692,493	-	692,493	786,953
Eating Disorders programs	328,567	-	328,567	-
Donations and fundraising	65,581	107,141	172,722	255,007
Fee for service and expense recoveries	131,307	-	131,307	93,697
Grants	67,500	-	67,500	67,500
Other programs and interest	59,570	3,886	63,456	57,084
Amortization of deferred contributions related to capital assets (Note 7)	14,953	-	14,953	14,953
	10,051,531	111,027	10,162,558	8,791,768
Expenses				
Wages and benefits	6,526,101	31,887	6,557,988	6,882,654
Building occupancy	1,225,374	-	1,225,374	303,043
Professional fees	527,529	-	527,529	249,275
Purchased services	380,401	40,461	420,862	589,661
Office administration	233,708	1,596	235,304	124,269
Information technology	204,628	-	204,628	235,104
Program supplies and services	73,476	33,198	106,674	42,330
Staff travel, training, meetings, and events	103,134	-	103,134	73,672
Utilities	81,911	-	81,911	83,221
Food services	67,540	-	67,540	57,806
Insurance	65,930	-	65,930	57,484
Amortization	31,476	-	31,476	21,202
Membership dues	23,880	-	23,880	46,997
Promotion and publicity	17,606	-	17,606	6,194
Clients' personal needs	14,044	-	14,044	13,190
Automotive	11,514	-	11,514	7,547
Board	3,820	-	3,820	2,498
Interest and bank charges	2,674	-	2,674	1,244
	9,594,746	107,142	9,701,888	8,797,391
Net operating revenue (expense)	456,785	3,885	460,670	(5,623)
Under-spending of MOH revenue (Note 5)	(581,275)	-	(581,275)	(1,300)
Government assistance	-	-	-	219,199
Net revenue (expense)	$ (124,490)	$ 3,885	$ (120,605)	$ 212,276

Madame Vanier Children's Services

Statement of Cash Flows
Year ended March 31, 2023

	2023	2022
Cash provided by (used in):		
Operating Activities		
Net revenue (expense)	$ (120,605)	$ 212,276
Add (deduct) non-cash items:		
Amortization	31,476	21,202
Amortization of deferred contributions related to capital assets	(14,953)	(14,953)
Gain on disposition of capital assets	(6,000)	(8,500)
Change in non-cash working capital items related to operations:		
Accounts receivable	(94,640)	10,260
Government remittances receivable	(87,157)	(9,014)
Prepaid expenses and deposits	(42,280)	(11,389)
Accounts payable and accrued liabilities	292,328	(24,427)
Accrued liability to Ministry of Health	581,275	16,655
Deferred contributions	36,194	(12,060)
	575,638	180,050
Investing Activities		
Acquisition of capital assets:		
Vehicles	(59,499)	(54,692)
Proceeds from disposal of capital assets	6,000	8,500
Increase in short-term investments	(500,000)	
	(553,499)	(46,192)
Financing Activities		
Increase (decrease) in deferred contributions related to capital assets	(90,200)	90,200
Increase (decrease) in cash	(68,061)	224,058
Cash, beginning of year	1,456,240	1,232,182
Cash, end of year	$ 1,388,179	$ 1,456,240

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

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.

Cash and Cash Equivalents

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

Short-Term Investments

Short-term investments are recorded at market value and consist of guaranteed investment certificates with interest at 3%, maturing within 12 months.

2. Significant Accounting Policies (continued)

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 %

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 transaction 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.

3. Capital Assets

Operating Fund:

	Cost	Accumulated Amortization	Net 2023	Net 2022
Land	$ 162,999	$ -	$ 162,999	$ 162,999
Building	2,684,156	2,453,660	230,496	242,598
Furniture & equipment	273,857	248,443	25,414	29,045
Computer	521,205	521,205	-	-
Vehicles	137,604	44,625	92,979	49,223
	$ 3,779,821	$ 3,267,933	$ 511,888	$ 483,865

Restricted Fund:

	Cost	Accumulated Amortization	Net 2023	Net 2022
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 $393,495 (2022 - $405,597). 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, 2023, the organization is in compliance with its debt service coverage requirement.

5. 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.

Madame Vanier Children's Services

Notes to Financial Statements
March 31, 2023

6. 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 2023	Received	Expenses	Ending 2023
Restricted Fund				
Parent Mentoring (HOPE)	$ 59,557	$ 50,000	$ 19,394	$ 90,163
Access Fund	65,096	784	3,722	62,158
Staff Development (Joan Smith)	49,866	3,886	3,101	50,651
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	4,811	-	-	4,811
Talk-In Clinics	3,162	-	-	3,162
Focused Family Therapy	3,092	-	-	3,092
BBQ Fund	1,361	-	-	1,361
Holiday Giving	1,033	5,076	4,800	1,309
Cottages	1,017	-	460	557
In Memory of Bev Boam	421	-	-	421
PAIR Clinic	405	-	-	405
Sensory Items	315	-	-	315
Public Health - Tandem Covid	54,550	-	54,550	-
Sifton Family Foundation	-	25,000	25,000	-
	302,369	84,746	111,027	276,088
Operating Fund	22,023	84,500	22,023	84,500
	$ 324,392	$ 169,246	$ 133,050	$ 360,588

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:

	2023	2022
Balance, beginning of year	$ 341,536	$ 266,289
Add contributions received during the year	-	90,200
Less contributions utilized for repairs	(90,200)	-
Less amounts amortized to revenue	(14,953)	(14,953)
Balance, end of year	$ 236,383	$ 341,536

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 Organization's investments include marketable securities at fixed interest rates. Accordingly the Organization is exposed to interest rate risk resulting in changes to future interest rates earned on its marketable securities. 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 has been significant changes in the nature, extent or concentration of the interest rate risk exposures from the prior year due to investment in guaranteed investment certificates during the year.