

**MADAME VANIER CHILDREN'S SERVICES**

Financial Statements

Year ended March 31, 2019



## 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, 2019, and the Statements of Operations, Net Assets (Deficit) 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, 2019 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, excess of revenue over expenses, fund balances and cash flows from operations for the year ended March 31, 2019. 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 the 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.

Bringing Solutions Together

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.

London, Ontario  
May 23, 2019

*Ford Keast LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

# MADAME VANIER CHILDREN'S SERVICES

Statement of Financial Position as at March 31, 2019

	Operating Fund	Restricted Fund	2019	2018
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 6,297	\$ 199,149	\$ 205,446	\$ 178,021
Accounts receivable	200,531	-	200,531	275,148
Government remittances receivable	39,968	-	39,968	41,150
Prepaid expenses and deposits	3,818	-	3,818	12,139
Due from operating fund	-	75,239	75,239	84,486
	250,614	274,388	525,002	590,944
<b>CAPITAL ASSETS (Note 3)</b>	<b>311,769</b>	<b>-</b>	<b>311,769</b>	<b>306,883</b>
	\$ 562,383	\$ 274,388	\$ 836,771	\$ 897,827
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Cheques written in excess of funds on hand	\$ -	\$ -	\$ -	\$ 18,917
Bank indebtedness (Note 4)	160,000	-	160,000	90,000
Accounts payable and accrued liabilities	473,093	-	473,093	321,721
Accrued liability to Ministry of Children and Youth Services (Note 7)	15,530	-	15,530	34,672
Demand loan payable	-	-	-	7,859
Due to restricted fund	75,239	-	75,239	84,486
Deferred contributions (Note 5)	15,629	217,746	233,375	224,249
	739,491	217,746	957,237	781,904
<b>DEFERRED CONTRIBUTIONS</b>				
- CAPITAL ASSETS (Note 6)	124,110	-	124,110	127,047
	863,601	217,746	1,081,347	908,951
<b>NET ASSETS (DEFICIT):</b>				
Internally restricted	-	56,642	56,642	44,791
Unrestricted	(301,218)	-	(301,218)	(55,915)
	(301,218)	56,642	(244,576)	(11,124)
	\$ 562,383	\$ 274,388	\$ 836,771	\$ 897,827

## MADAME VANIER CHILDREN'S SERVICES

Statement of Changes in Net Assets (Deficit)

Year ended March 31, 2019

	Operating Fund	Restricted Fund	2019	2018
Balance, beginning of year	\$ (55,915)	\$ 44,791	\$ (11,124)	\$ (157,104)
Excess (deficiency) of revenue over expenses	(245,303)	11,851	(233,452)	145,980
Balance, end of year	\$ (301,218)	\$ 56,642	\$ (244,576)	\$ (11,124)

# MADAME VANIER CHILDREN'S SERVICES

Statement of Operations  
Year ended March 31, 2019

	Operating Fund	Restricted Fund	2019	2018
<b>REVENUE</b>				
Ministry of Children and Youth Services	\$ 6,811,115	\$ -	\$ 6,811,115	\$ 6,601,061
Children's Aid Societies and CSCN	1,974,756	-	1,974,756	2,177,591
Fee for service and expense recoveries	390,116	-	390,116	886,528
Grants	75,000	-	75,000	75,000
Other programs and interest	26,353	870	27,223	26,588
Amortization of deferred contributions related to capital assets (Note 6)	2,937	-	2,937	4,794
Donations and fundraising	-	100,058	100,058	82,714
	<u>9,280,277</u>	<u>100,928</u>	<u>9,381,205</u>	<u>9,854,276</u>
<b>EXPENSES</b>				
Wages and benefits	8,192,668	35,580	8,228,248	8,099,357
Purchased services	280,169	-	280,169	446,909
Building occupancy	207,602	14,762	222,364	283,024
Information technology	153,124	13,281	166,405	164,374
Staff travel, training, meetings, and events	122,891	3,857	126,748	120,705
Office administration	123,197	-	123,197	109,080
Food services	99,394	-	99,394	108,039
Utilities	76,996	-	76,996	77,606
Program supplies and services	63,868	21,597	85,465	73,869
Insurance	45,739	-	45,739	44,475
Professional fees	57,877	-	57,877	38,856
Membership dues	27,987	-	27,987	28,342
Amortization	18,542	-	18,542	28,130
Clients' personal needs	19,506	-	19,506	21,261
Automotive	14,717	-	14,717	17,695
Interest and bank charges	5,818	-	5,818	5,376
Promotion and publicity	1,919	-	1,919	4,207
Board	5,482	-	5,482	2,319
	<u>9,517,496</u>	<u>89,077</u>	<u>9,606,573</u>	<u>9,673,624</u>
Excess (deficiency) of operating revenue over expenses	(237,219)	11,851	(225,368)	180,652
Under-spending of MCYS revenue	8,084	-	8,084	34,672
Excess (deficiency) of revenue over expenses	<u>\$ (245,303)</u>	<u>\$ 11,851</u>	<u>\$ (233,452)</u>	<u>\$ 145,980</u>

# MADAME VANIER CHILDREN'S SERVICES

Statement of Cash Flows  
Year ended March 31, 2019

	2019	2018
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (233,452)	\$ 145,980
Add (deduct) non-cash items:		
Amortization	18,542	28,130
Amortization of deferred contributions related to capital assets	(2,937)	(4,794)
Change in non-cash working capital items related to operations:		
Accounts receivable	74,619	170
Government remittances receivable	1,182	12,088
Prepaid expenses and deposits	8,321	(12,139)
Accounts payable and accrued liabilities	151,369	(32,296)
Accrued liability to Ministry of Children and Youth Services	(19,142)	29,260
Deferred contributions	9,127	14,601
	<u>7,629</u>	<u>181,000</u>
<b>INVESTING ACTIVITIES</b>		
Building	<u>(23,428)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Payments on demand loan payable	<u>(7,859)</u>	<u>(10,065)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>(23,658)</b>	<b>170,935</b>
Cash (bank indebtedness), beginning of year	<u>69,104</u>	<u>(101,831)</u>
<b>CASH, END OF YEAR</b>	<b>\$ 45,446</b>	<b>\$ 69,104</b>
<b>REPRESENTED BY:</b>		
Cash	\$ 205,446	\$ 178,021
Cheques written in excess of funds on hand	-	(18,917)
Bank indebtedness	<u>(160,000)</u>	<u>(90,000)</u>
	<b>\$ 45,446</b>	<b>\$ 69,104</b>

# MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements  
March 31, 2019

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## 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.

### 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, 2019

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## 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 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 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 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, 2019

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### 3. CAPITAL ASSETS

#### Operating Fund:

	Cost	Accumulated Amortization	Net	
			2019	2018
Land	\$ 162,999	\$ -	\$ 162,999	\$ 162,999
Building	2,553,133	2,409,613	143,520	124,110
Furniture & Equipment	237,551	237,551	-	2,397
Computer	521,205	515,955	5,250	17,377
Vehicles	69,164	69,164	-	-
	<u>\$ 3,544,052</u>	<u>\$ 3,232,283</u>	<u>\$ 311,769</u>	<u>\$ 306,883</u>

#### Restricted Fund:

	Cost	Accumulated Amortization	Net	
			2019	2018
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 \$306,519 (2018 - \$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, 2019, the organization is not in compliance with its debt service coverage requirement.

# MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements  
March 31, 2019

## 5. 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 2019	Received	Expenditures	Ending 2019
<b>Restricted Fund</b>				
Parent Mentoring (HOPE)	\$ 62,252	\$ 16,170	\$ 35,580	\$ 42,842
Staff Development (Joan Smith)	49,882	1,168	3,357	47,693
Cultural Enhancement	28,585	-	-	28,585
Access Fund	20,354	62,889	18,818	64,425
Playground	14,679	-	-	14,679
In Memory of Bev Boam	13,693	-	13,272	421
BBQ Fund	12,763	5,250	16,652	1,361
FIT Program (Lawson Foundation)	9,419	-	-	9,419
Focused Family Therapy	3,092	-	-	3,092
Photo Voice	2,997	480	-	3,477
Talk-In Clinics	-	2,865	1,113	1,752
	217,716	88,822	88,792	217,746
<b>Operating Fund</b>	6,533	50,000	40,904	15,629
	<u>\$ 224,249</u>	<u>\$ 138,822</u>	<u>\$ 129,696</u>	<u>\$ 233,375</u>

## 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:

	2019	2018
Balance, beginning of year	\$ 127,047	\$ 131,841
Less amounts amortized to revenue	2,937	4,794
Balance, end of year	<u>\$ 124,110</u>	<u>\$ 127,047</u>

## 7. 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 for the current year has been reported below the excess of operating revenue over expenses on the statement of operations.

# MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements  
March 31, 2019

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## 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 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.