

MADAME VANIER CHILDREN'S SERVICES

Financial Statements

Year ended March 31, 2021



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, 2021, 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, 2021 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 years ended March 31, 2021 and March 31, 2020. 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' 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' 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.

London, Ontario
June 24, 2021

Ford Keast LLP

**Chartered Professional Accountants
Licensed Public Accountants**

MADAME VANIER CHILDREN'S SERVICES

Statement of Financial Position as at March 31, 2021

	Operating Fund	Restricted Fund	2021	2020
ASSETS				
CURRENT				
Cash	\$ 662,741	\$ 569,441	\$ 1,232,182	\$ 236,167
Accounts receivable	94,083	-	94,083	226,181
Government remittances receivable	53,450	-	53,450	53,359
Prepaid expenses and deposits	4,194	-	4,194	14,907
Due from operating fund	-	-	-	94,800
Due from restricted fund	6,698	-	6,698	-
	821,166	569,441	1,390,607	625,414
CAPITAL ASSETS (Note 3)	450,376	-	450,376	298,779
	\$ 1,271,542	\$ 569,441	\$ 1,840,983	\$ 924,193
LIABILITIES				
CURRENT				
Net outstanding cheques	\$ -	\$ -	\$ -	\$ 42,005
Accounts payable and accrued liabilities	411,666	-	411,666	465,917
Accrued liability to Ministry of Health (Note 7)	215,801	-	215,801	185,489
Due to operating fund	-	6,698	6,698	-
Due to restricted fund	-	-	-	94,800
Deferred contributions (Note 5)	62,179	274,273	336,452	238,224
	689,646	280,971	970,617	1,026,435
DEFERRED CONTRIBUTIONS				
- CAPITAL ASSETS (Note 6)	266,289	-	266,289	113,913
	955,935	280,971	1,236,906	1,140,348
NET ASSETS (DEFICIT):				
Internally restricted	-	288,470	288,470	109,276
Unrestricted	315,607	-	315,607	(325,431)
	315,607	288,470	604,077	(216,155)
	\$ 1,271,542	\$ 569,441	\$ 1,840,983	\$ 924,193

APPROVED BY THE BOARD OF DIRECTORS:



 Director

 Director

MADAME VANIER CHILDREN'S SERVICES

Statement of Changes in Net Assets (Deficit)

Year ended March 31, 2021

	Operating Fund	Restricted Fund	2021	2020
Balance, beginning of year	\$ (325,431)	\$ 109,276	\$ (216,155)	\$ (244,576)
Excess of revenue over expenses	641,038	179,194	820,232	28,421
Balance, end of year	\$ 315,607	\$ 288,470	\$ 604,077	\$ (216,155)

MADAME VANIER CHILDREN'S SERVICES

Statement of Operations
Year ended March 31, 2021

	Operating Fund	Restricted Fund	2021	2020
REVENUE				
Ministry of Health	\$ 8,164,486	\$ -	\$ 8,164,486	\$ 7,097,748
Children's Aid Societies and CSCN	925,637	-	925,637	2,004,830
Government assistance (Note 10)	882,486	-	882,486	-
Donations and fundraising	-	312,397	312,397	114,111
Fee for service and expense recoveries	99,979	-	99,979	175,470
Grants	67,500	-	67,500	67,500
Other programs and interest	48,148	1,130	49,278	64,444
Amortization of deferred contributions related to capital assets (Note 6)	14,953	-	14,953	10,197
	<u>10,203,189</u>	<u>313,527</u>	<u>10,516,716</u>	<u>9,534,300</u>
EXPENSES				
Wages and benefits	7,330,991	25,927	7,356,918	7,605,342
COVID-19 Fall preparedness	868,597	-	868,597	-
Purchased services	284,920	-	284,920	446,356
Building occupancy	198,789	-	198,789	336,091
Professional fees	160,399	35,083	195,482	195,042
Information technology	173,100	-	173,100	137,649
Office administration	120,532	4,188	124,720	127,585
Utilities	77,598	-	77,598	80,745
Food services	70,913	-	70,913	102,174
Promotion and publicity	2,514	60,323	62,837	5,863
Staff travel, training, meetings, and events	56,119	108	56,227	85,538
Insurance	50,113	-	50,113	46,883
COVID-19 emergency funds	42,300	-	42,300	-
Program supplies and services	29,927	8,704	38,631	75,785
Membership dues	24,242	-	24,242	28,031
Amortization	15,733	-	15,733	12,990
Clients' personal needs	13,501	-	13,501	24,547
Automotive	5,694	-	5,694	14,578
Interest and bank charges	4,443	-	4,443	6,154
Board	1,414	-	1,414	4,567
	<u>9,531,839</u>	<u>134,333</u>	<u>9,666,172</u>	<u>9,335,920</u>
Excess of operating revenue over expenses	671,350	179,194	850,544	198,380
Under-spending of MOH revenue (Note 7)	30,312	-	30,312	169,959
Excess of revenue over expenses	<u>\$ 641,038</u>	<u>\$ 179,194</u>	<u>\$ 820,232</u>	<u>\$ 28,421</u>

MADAME VANIER CHILDREN'S SERVICES

Statement of Cash Flows
Year ended March 31, 2021

	2021	2020
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 820,232	\$ 28,421
Add (deduct) non-cash items:		
Amortization	15,733	12,990
Amortization of deferred contributions related to capital assets	(14,953)	(10,197)
Change in non-cash working capital items related to operations:		
Accounts receivable	132,100	(25,653)
Government remittances receivable	(91)	(13,391)
Prepaid expenses and deposits	10,713	(11,089)
Accounts payable and accrued liabilities	(54,254)	(7,174)
Accrued liability to Ministry of Health	30,312	169,959
Deferred contributions	98,228	4,850
	<u>1,038,020</u>	<u>148,716</u>
INVESTING ACTIVITIES		
Acquisition of capital assets:		
Building	(131,023)	-
Furniture & Equipment	(36,306)	-
	<u>(167,329)</u>	<u>-</u>
FINANCING ACTIVITIES		
Increase in deferred contributions related to capital assets	<u>167,329</u>	<u>-</u>
INCREASE IN CASH DURING THE YEAR	1,038,020	148,716
Cash, beginning of year	<u>194,162</u>	<u>45,446</u>
CASH, END OF YEAR	\$ 1,232,182	\$ 194,162
REPRESENTED BY:		
Cash	\$ 1,232,182	\$ 236,167
Cheques written in excess of funds on hand	-	(42,005)
	<u>\$ 1,232,182</u>	<u>\$ 194,162</u>

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements
March 31, 2021

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, 2021

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 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, 2021

3. CAPITAL ASSETS

Operating Fund:

	Cost	Accumulated Amortization	Net	
			2021	2020
Land	\$ 162,999	\$ -	\$ 162,999	\$ 162,999
Building	2,684,156	2,429,455	254,701	135,780
Furniture & Equipment	273,857	241,181	32,676	-
Computer	521,205	521,205	-	-
Vehicles	69,164	69,164	-	-
	<u>\$ 3,711,381</u>	<u>\$ 3,261,005</u>	<u>\$ 450,376</u>	<u>\$ 298,779</u>

Restricted Fund:

	Cost	Accumulated Amortization	Net	
			2021	2020
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 \$417,700 (2020 - \$298,779). 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, 2021, the organization is in compliance with its debt service coverage requirement.

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements
March 31, 2021

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 2021	Received	Expenditures	Ending 2021
Restricted Fund				
Access Fund	\$ 70,068	\$ -	\$ 2,208	\$ 67,860
United Way Covid	-	150,000	95,382	54,618
Staff Development (Joan Smith)	49,136	-	-	49,136
Parent Mentoring (HOPE)	37,679	25,000	26,863	35,816
Cultural Enhancement	28,585	-	-	28,585
Playground	14,679	-	-	14,679
FIT Program (Lawson Foundation)	9,419	-	-	9,419
Photo Voice	3,957	-	146	3,811
Talk-In Clinics	1,647	1,515	-	3,162
Focused Family Therapy	3,092	-	-	3,092
Cottages	983	856	291	1,548
BBQ Fund	1,361	-	-	1,361
PAIR Clinic	350	100	-	450
In Memory of Bev Boam	421	-	-	421
Sensory Items	315	-	-	315
Holiday Giving	-	9,444	9,444	-
	221,692	186,915	134,334	274,273
Operating Fund	16,533	49,656	4,010	62,179
	\$ 238,225	\$ 236,571	\$ 138,344	\$ 336,452

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:

	2021	2020
Balance, beginning of year	\$ 113,913	\$ 124,110
Add contributions received during the year	167,329	-
Less amounts amortized to revenue	(14,953)	(10,197)
Balance, end of year	\$ 266,289	\$ 113,913

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 excess of operating revenue over expenses on the statement of operations.

MADAME VANIER CHILDREN'S SERVICES

Notes to Financial Statements
March 31, 2021

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.

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 the year. The pandemic may also impact future operations and is expected to result in additional costs to respond to the situation. 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.

10. GOVERNMENT ASSISTANCE

During the year the organization applied and was approved for a federal subsidy of \$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.