Financial Statements of

JOHN MCGIVNEY CHILDREN'S CENTRE

And Independent Auditors' Report thereon

Year ended March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of John McGivney Children's Centre

We have audited the accompanying financial statements of John McGivney Children's Centre (the Centre), which comprise:

- the balance sheet as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the balance sheet of John McGivney Children's Centre as at March 31, 2021, and its results of operations, its changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Centre 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 opinion.

Responsibilities of Management for the Financial Statements and Those Charged with Governance

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 the Centre'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 the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditors' 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 auditors' 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 the 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 the audit 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 Centre'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 the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
June 15, 2021

JOHN MCGIVNEY CHILDREN'S CENTRE
Balance Sheet

March 31, 2021, with comparative information for 2020

	2021	2020 (restated see Note 10)
Assets		
Current assets:		
Cash	$ 2,485,164	$ 2,454,379
Marketable securities	23,298	22,684
Accounts receivable	438,298	273,573
Inventory	34,938	34,222
Prepaid expenses	130,403	135,969
	3,112,101	2,920,827
Capital assets (note 2)	18,456,019	18,349,607
Less: accumulated amortization	7,795,835	7,324,657
	10,660,184	11,024,950
	$ 13,772,285	$ 13,945,777

Liabilities and Fund Balances

	2021	2020
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 942,755	$ 852,031
Deferred contributions (note 3):		
Expenses of future periods	637,052	488,429
Capital assets	11,312,633	11,734,047
	11,949,685	12,222,476
Fund balances:		
Invested in capital assets (note 4)	(619,535)	(622,648)
Internally restricted (note 5)	677,316	677,316
Endowment	73,803	73,438
Unrestricted	748,261	743,164
	879,845	871,270
	$ 13,772,285	$ 13,945,777

See accompanying notes to financial statements.

On behalf of the Board:

Kenneth E. Kapustiak

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020 (restated see Note 10)
Revenue:		
Program revenue	$ 7,597,484	$ 7,843,430
Fundraising and donations	152,926	562,992
Expense recoveries	238,081	234,509
Investment income	167	2,064
Nevada ticket sales, net	(4,990)	(15,101)
Miscellaneous	6,672	18,191
Amortization of deferred contributions related to capital assets (note 4)	477,820	558,799
	8,468,160	9,204,884
Expenses:		
Salaries and benefits:		
Salaries	5,714,506	5,783,490
Benefits	1,323,872	1,369,381
	7,038,378	7,152,871
Direct program expenses:		
Supplies and materials	89,503	72,297
Purchased services	20,516	26,097
Training and conference	5,042	15,360
Staff mileage	21,392	56,988
Program administration	98,244	108,524
	234,697	279,266
Other expenses:		
Board and volunteer development	410	4,051
Management and administration training, conference and travel	842	7,225
Staff training, recruitment and other	4,278	39,958
Professional fees and consulting	40,201	44,226
Office and administration (schedule 1)	48,901	50,397
Service charges, fees and interest	3,394	3,023
Network support and maintenance	159,040	120,646
Licence and membership	18,239	23,875
Fundraising and development	4,596	14,461
Insurance	22,518	19,964
Building occupancy (schedule 2)	377,222	386,773
Health and safety	34,847	3,945
Miscellaneous	250	250
One time funding	958	14,666
Amortization	471,179	549,524
	1,186,875	1,282,984
Total expenses	8,459,950	8,715,121
Excess of revenue over expenses	$ 8,210	$ 489,763

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	Invested in capital assets	Internally restricted	Endowment	Unrestricted	2021 Total	2020 Total (restated see Note 10)
Fund balance, beginning of year	$ (622,648)	$ 677,316	$ 73,438	$ 743,164	$ 871,270	$ 379,542
Excess of revenue over expenses for the year (note 4b)	3,113	-	-	5,097	8,210	489,763
Endowment contributions (net)	-	-	365	-	365	1,965
Fund balance, end of year	$ (619,535)	$ 677,316	$ 73,803	$ 748,261	$ 879,845	$ 871,270

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

		2021		2020 (restated see Note 10)
Cash provided by (used for):				
Operating activities:				
Excess of revenue over expenses for the year	$	8,210	$	489,763
Items not involving cash:				
Amortization		471,179		549,524
Amortization of deferred contributions related to capital assets		(477,820)		(558,799)
Increase (decrease) in non-cash operating working capital		(69,765)		132,833
Net increase in deferred contributions related to expenses of future periods		148,623		37,716
		80,427		651,037
Financing activities:				
Endowment contributions (net)		365		1,965
Investing activities:				
Net increase in deferred contributions related to capital assets		56,406		113,924
Purchase of capital assets		(106,413)		(10,749)
		(50,007)		103,175
Increase in cash		30,785		756,177
Cash, beginning of year		2,454,379		1,698,202
Cash, end of year	$	2,485,164	$	2,454,379

See accompanying notes to financial statements.

John McGivney Children's Centre ("the Centre"), a family-centered organization, contributes to a community network of support for children and young adults through the provision of services which are responsive to their physical and developmental needs. Individuals and families can access a variety of assessment, treatment, consultative, educational and support services. The Centre is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

1. Significant accounting policies:

(a) Revenue recognition:

The Centre follows the deferral method of accounting for contributions, which consist of government grants and donations.

The Centre is funded in accordance with service agreements established by the respective funders. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase 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.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets.

1. **Significant accounting policies (continued):**

(b) Inventory:

Inventory is stated and the lower of cost and net realizable value.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than one year.

(d) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Proceeds from the disposition of capital assets in excess of (or less than) net book value are recorded as a gain (or loss) on the sale of capital assets in the statement of operations.

Amortization is provided on a straight-line basis over the useful life of the asset, as follows:

Landscaping and fencing improvements	2 1/2%
Building	2 1/2%
Furniture and equipment	10%
Leaseholds	over lease term
Parking lot	10%
Computer equipment and management information system	33 1/3%
Playground equipment	10%

No amortization is taken on capital assets until they are put in use. No amortization is taken on capital assets in the year of disposal.

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of the financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and the valuation allowance for accounts receivable. Actual results could differ from those estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Centre has elected to carry its marketable securities at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financial costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Centre determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Centre expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Contributed services:

A number of volunteers contribute their time each year. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.

2. Capital assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	$ 1	$ -	$ 1	$ 1
Landscaping and fencing improvements	136,450	75,196	61,254	63,425
Building	14,898,506	4,838,052	10,060,454	10,407,783
Furniture and equipment	966,408	906,827	59,581	79,298
Leaseholds	265,912	265,912	-	-
Parking lot	633,025	587,615	45,410	52,396
Computer equipment	919,238	903,375	15,863	47,590
Management information system	30,809	30,809	-	-
Playground equipment	605,670	188,049	417,621	374,457
	$ 18,456,019	$ 7,795,835	$ 10,660,184	$ 11,024,950

3. Deferred contributions:

Deferred contributions related to expenses of future periods represent unspent, externally restricted grants for programs.

	2021	2020 (restated – see Note 10)
Balance, beginning of year	$ 488,429	$ 450,713
Less amount recognized as revenue in the year	(74,642)	(54,925)
Add amount received related to future period	223,265	92,641
	$ 637,052	$ 488,429

3. Deferred contributions (continued):

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of year	$ 11,734,047	$ 12,178,922
Additional contributions received	56,656	114,174
Less amounts amortized to revenue	(477,820)	(558,799)
Less amounts recognized as revenue in the year	(250)	(250)
	$ 11,312,633	$ 11,734,047

The balance of unamortized capital contributions related to capital assets consists of the following:

	2021	2020
Unamortized capital contributions	$ 11,175,320	$ 11,546,728
Unspent capital contributions	137,313	187,319
	$ 11,312,633	$ 11,734,047

4. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2021	2020
Capital assets, net	$ 10,660,184	$ 11,024,950
Amounts financed by		
Deferred contributions	(11,312,633)	(11,734,047)
Other net current assets (liabilities)	32,914	86,449
	$ (619,535)	$ (622,648)

(b) Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Excess of expenses over revenues:		
Amortization of deferred contributions related to capital assets	$ 477,820	$ 558,799
Amortization of capital assets	(471,179)	(549,524)
Investment income	167	2,064
Gain on sale of capital assets	1,295	-
Nevada ticket sales, net	(4,990)	(15,101)
	$ 3,113	$ (3,762)

5. Internally restricted fund balances and interfund transfers:

Internally restricted fund balances are restricted for the purchase of capital assets or program funding deficiencies.

6. Available credit facility:

The Centre has negotiated an operating line of credit in the amount of $300,000 with its banker. At March 31, 2021 the balance of this line of credit is $nil (2020 - $nil).

7. Financial risks and concentration of credit risk:

(a) Currency risk:

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Organization purchases inventories denominated in U.S. dollars. The Organization does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2020.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

(c) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

c) Other risk:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may have a direct impact on the Organization's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our Organization is not known at this time.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $128,272 (2020 - $55,613) which include amounts payable for Employer health tax and payroll related remittances.

9. Restrictions on net assets:

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact. Investment income on the endowment balance of $73,803 (2020 - $73,438) is externally restricted for specific purposes. Investment income on the remaining assets is unrestricted.

10. Comparative information:

During the prior year, a donation of $500,000 was received and it was recorded in deferred contributions – expenses of future periods. Upon further review, management has determined that it more appropriately should have been recorded as an unrestricted donation in accordance with prior periods. As a result, the prior year fundraising and donations revenue account was increased by $500,000, the deferred contribution balance has decreased by $500,000 and the unrestricted fund balance has increased by $500,000.

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Office and Administration

Schedule 1

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Office supplies, subscriptions and periodicals	$ 5,830	$ 5,429
Printing and photocopying	30,636	32,092
Postage and courier	4,635	5,752
Telephone	7,800	7,124
	$ 48,901	$ 50,397

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Building Occupancy

Schedule 2

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Storage	$ 7,707	$ 7,729
Housekeeping supplies	34,315	14,773
Building insurance	28,883	25,951
Repairs and maintenance	56,437	41,531
Purchased services	144,766	163,753
Hydro and water	90,105	116,359
Gas	15,009	16,677
	$ 377,222	$ 386,773