Financial Statements of

JOHN MCGIVNEY CHILDREN'S CENTRE

Year ended March 31, 2018

KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor, Ontario N8W 5K8
Canada
Telephone (519) 251-3500
Fax (519) 251-3530

INDEPENDENT AUDITORS' REPORT

To the Directors

We have audited the accompanying financial statements of John McGivney Children's Centre which comprise the balance sheet as at March 31, 2018 and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity'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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of John McGivney Children's Centre as at March 31, 2018 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
May 29, 2018

JOHN MCGIVNEY CHILDREN'S CENTRE

Balance Sheet

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	$ 1,513,206	$ 1,609,540
Marketable securities	22,944	22,650
Accounts receivable	539,852	637,868
Inventory	33,770	31,618
Prepaid expenses	145,548	109,140
	2,255,320	2,410,816
Capital assets (note 2)	18,226,868	17,650,342
Less: accumulated amortization	6,238,481	5,709,796
	11,988,387	11,940,546
	$ 14,243,707	$ 14,351,362
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 839,736	$ 958,169
Deferred contributions (note 3):		
Expenses of future periods	552,039	598,495
Capital assets	12,583,170	12,628,681
	13,135,209	13,227,176
Fund balances:		
Invested in capital assets (note 4)	(632,394)	(633,659)
Internally restricted (note 5)	579,316	470,316
Endowment	72,673	72,673
Unrestricted	249,167	256,687
	268,762	166,017
	$ 14,243,707	$ 14,351,362

See accompanying notes to financial statements.

On behalf of the Board:

Nancy Bignac

Cindy Tracey

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

		2018		2017
Revenue:				
Program revenue	$	8,646,264	$	8,683,908
Fundraising and donations		142,600		159,058
Expense recoveries		360,949		487,140
Investment income		209		223
Nevada ticket sales, net		(3,923)		8,866
Miscellaneous		60,755		102,369
Amortization of deferred contributions related to capital assets		533,672		512,640
		9,740,526		9,954,204
Expenses:				
Salaries and benefits:				
Salaries		6,465,533		6,809,173
Benefits		1,522,710		1,488,293
		7,988,243		8,297,466
Direct program expenses:				
Supplies and materials		98,580		157,060
Purchased services		34,573		47,428
Training and conference		28,926		29,288
Staff mileage		87,325		83,683
Program administration		62,955		65,267
Miscellaneous		-		3,884
		312,359		386,610
Other expenses:				
Board and volunteer development		9,668		13,604
Management and administration training, conference and travel		17,207		13,944
Staff training, recruitment and other		9,569		12,446
Professional fees and consulting		59,487		58,381
Office and administration (schedule 1)		55,833		63,042
Service charges, fees and interest		3,552		1,420
Network support and maintenance		102,354		99,653
Licence and membership		26,592		36,283
Fundraising and development		52,230		28,811
Insurance		39,670		39,295
Building occupancy (schedule 2)		378,230		340,229
Health and safety		2,442		1,945
Miscellaneous		250		2,679
One time funding - special needs strategy		51,410		-
Amortization		528,685		507,676
		1,337,179		1,219,408
Total expenses		9,637,781		9,903,484
Excess of revenue over expenses	$	102,745	$	50,720

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	Invested in capital assets	Internally restricted	Endowment	Unrestricted	2018 Total	2017 Total
Fund balance, beginning of year	$ (633,659)	$ 470,316	$ 72,673	$ 256,687	$ 166,017	$ 115,297
Excess of revenue over expenses for the year (note 4b)	1,265	-	-	101,480	102,745	50,720
Interfund transfer	-	109,000	-	(109,000)	-	-
Fund balance, end of year	$ (632,394)	$ 579,316	$ 72,673	$ 249,167	$ 268,762	$ 166,017

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

		2018		2017
Cash provided by (used for):				
Operating activities:				
Excess of revenue over expenses for the year	$	102,745	$	50,720
Items not involving cash:				
Amortization		528,685		507,676
Amortization of deferred contributions related to capital assets		(533,672)		(512,640)
Gain on sale of capital asset		-		(500)
Increase in non-cash operating working capital		(59,271)		(264,310)
Net increase (decrease) in deferred contributions related to expenses of future periods		(46,456)		78,155
		(7,969)		(140,899)
Investing activities:				
Net increase in deferred contributions related to capital assets		488,161		120,321
Proceeds on disposal of capital asset		-		500
Purchase of capital assets		(576,526)		(17,320)
		(88,365)		103,501
Decrease in cash		(96,334)		(37,398)
Cash, beginning of year		1,609,540		1,646,938
Cash, end of year	$	1,513,206	$	1,609,540

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	2018 Net book value	2017 Net book value
Land	$ 1	$ -	$ 1	$ 1
Landscaping and fencing improvements	136,450	67,943	68,507	71,918
Building	14,898,506	3,796,063	11,102,443	11,475,163
Furniture and equipment	925,569	770,115	155,454	200,264
Leaseholds	265,912	265,912	-	-
Parking lot	633,025	454,021	179,004	168,952
Computer equipment	824,058	818,044	6,014	20,163
Management information system	30,809	30,809	-	-
Playground equipment	512,538	35,574	476,964	4,085
	$ 18,226,868	$ 6,238,481	$ 11,988,387	$ 11,940,546

3. Deferred contributions:

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

	2018	2017
Balance, beginning of year	$ 598,495	$ 520,340
Less amount recognized as revenue in the year	(295,763)	(281,589)
Add amount received related to future period	249,307	359,744
	$ 552,039	$ 598,495

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.

	2018	2017
Balance, beginning of year	$ 12,628,681	$ 13,021,000
Additional contributions received	488,411	120,571
Less amounts amortized to revenue	(533,672)	(512,640)
Less amounts recognized as revenue in the year	(250)	(250)
	$ 12,583,170	$ 12,628,681

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

	2018	2017
Unamortized capital contributions	$ 12,526,874	$ 12,484,020
Unspent capital contributions	56,296	144,661
	$ 12,583,170	$ 12,628,681

4. Invested in capital assets:

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

	2018	2017
Capital assets, net	$ 11,988,387	$ 11,940,546
Amounts financed by		
Deferred contributions	(12,583,170)	(12,628,681)
Other net current assets (liabilities)	(37,611)	54,476
	$ (632,394)	$ (633,659)

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

	2018	2017
Excess of expenses over revenues:		
Amortization of deferred contributions		
Related to capital assets	$ 533,672	$ 512,640
Amortization of capital assets	(528,685)	(507,676)
Investment income	209	266
Nevada ticket sales, net	(3,923)	8,824
Miscellaneous expense	(8)	(57,272)
	$ 1,265	$ (43,218)

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, 2018 the balance of this line of credit is $nil (2017 - $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 2017.

(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 2017.

(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.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $115,734 (2017 - $129,234) 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 $72,673 (2017 - $72,673) is externally restricted for specific purposes. Investment income on the remaining assets is unrestricted.

10. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation used in the current year. The changes do not affect prior year earnings.

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Office and Administration

Schedule 1

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Office supplies, subscriptions and periodicals	$ 3,481	$ 5,587
Printing and photocopying	30,139	30,189
Postage and courier	3,666	4,221
Telephone	18,547	23,045
	$ 55,833	$ 63,042

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Building Occupancy

Schedule 2

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Storage	$ 5,851	$ 4,480
Housekeeping supplies	12,732	17,495
Building insurance	1,662	1,662
Repairs and maintenance	62,982	36,494
Purchased services	170,316	148,717
Hydro and water	107,552	116,560
Gas	17,135	14,821
	$ 378,230	$ 340,229