Financial Statements of

JOHN MCGIVNEY CHILDREN'S CENTRE

Year ended March 31, 2014

ABCD

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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, 2014 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 audits. We conducted our audits 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.

ABCD

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, 2014 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

June 3, 2014
Windsor, Canada

JOHN MCGIVNEY CHILDREN'S CENTRE

Balance Sheet

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	$ 2,857,055	$ 2,727,366
Marketable securities	337,541	25,585
Accounts receivable	753,555	715,526
Inventory	33,548	36,163
Prepaid expenses	88,028	76,499
	4,069,727	3,581,139
Capital assets (note 2)	17,579,715	17,459,414
Less: accumulated amortization	4,143,558	3,613,674
	13,436,157	13,845,740
	$ 17,505,884	$ 17,426,879
Liabilities and Fund Balances		
Current liabilities:		
Bank loan (note 6)	$ 3,557,105	$ 3,717,878
Accounts payable and accrued liabilities (note 8)	1,430,444	1,362,862
	4,987,549	5,080,740
Deferred contributions (note 3):		
Expenses of future periods	385,713	374,813
Capital assets	12,013,425	11,885,683
	12,399,138	12,260,496
Fund balances:		
Invested in capital assets (note 4)	(579,804)	(545,446)
Internally restricted (note 5)	376,316	376,316
Endowment	73,173	23,409
Unrestricted	249,512	231,364
	119,197	85,643
	$ 17,505,884	$ 17,426,879

See accompanying notes to financial statements.

On behalf of the Board:

Cindy Tracey

Raymond Stanczak

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

		2014		2013
Revenue:				
Program revenue	$	8,723,872	$	8,504,403
Fundraising and donations		235,552		311,937
Expense recoveries		472,620		441,039
Investment income		6,637		3,745
Nevada ticket sales, net		5,293		5,225
Miscellaneous		3,667		2,546
Amortization of deferred contributions related to capital assets		478,269		521,825
		9,925,910		9,790,720
Expenses:				
Salaries and benefits:				
Salaries		6,861,673		6,634,388
Benefits		1,462,097		1,454,701
		8,323,770		8,089,089
Direct program expenses:				
Supplies and materials		112,869		104,767
Purchased services		26,273		61,649
Training and conference		27,251		28,739
Staff mileage		195,091		184,288
Program administration		55,598		52,139
Miscellaneous		1,296		6,402
		418,378		437,984
Other expenses:				
Board and volunteer development		14,991		6,182
Management and administration training, conference and travel		10,130		12,293
Staff training, recruitment and other		3,080		4,061
Professional fees and consulting		65,433		77,354
Office and administration (schedule 1)		59,380		69,368
Service charges, fees and interest		89,669		101,130
Network support and maintenance		100,364		87,248
Licence and membership		34,414		28,367
Fundraising and development		23,621		54,563
Insurance		40,704		41,971
Building occupancy (schedule 2)		229,775		204,232
Health and safety		3,779		6,391
Miscellaneous		(250)		993
Unrealized (gain) on investments		(5,002)		33
Amortization		529,884		584,628
		1,199,972		1,278,814
Total expenses		9,942,120		9,805,887
Excess of expenses over revenue	$	(16,210)	$	(15,167)

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

	Invested in capital assets	Internally restricted	Endowment	Unrestricted	2014 Total	2013 Total
Fund balance, beginning of year	$ (545,446)	$ 376,316	$ 23,409	$ 231,364	$ 85,643	$ 100,810
Excess of expenses over revenue for the year (note 4b)	(34,358)	-	-	18,148	(16,210)	(15,167)
Endowment contributions	-	-	49,764	-	49,764	-
Fund balance, end of year	$ (579,804)	$ 376,316	$ 73,173	$ 249,512	$ 119,197	$ 85,643

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used for):		
Operating activities:		
Excess of expenses over revenue for the year	$ (16,210)	$ (15,167)
Items not involving cash:		
Amortization	529,884	584,628
Amortization of deferred contributions related to capital assets	(478,269)	(521,825)
Decrease (increase) in non-cash operating working capital	(291,317)	198,520
Net increase in deferred contributions related to expenses of future periods	10,900	192,745
	(245,012)	438,901
Financing activities:		
Repayment of bank loan	(160,773)	(228,850)
Endowment contributions	49,764	-
	(111,009)	(228,850)
Investing activities:		
Net increase in deferred contributions related to capital assets	606,011	545,878
Purchase of capital assets	(120,301)	(116,850)
	485,710	429,028
Increase in cash	129,689	639,079
Cash, beginning of year	2,727,366	2,088,287
Cash, end of year	$ 2,857,055	$ 2,727,366

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	amortization	value	value
Land	$ 1	$ -	$ 1	$ 1
Landscaping and fencing improvements	136,450	54,299	82,151	85,562
Building	14,898,506	2,305,954	12,592,552	12,904,401
Furniture and equipment	889,900	568,444	321,456	370,565
Leaseholds	265,912	265,396	516	1,035
Parking lot	563,164	225,264	337,900	394,216
Computer equipment	781,609	688,122	93,487	80,530
Management information system	30,809	30,809	-	-
Playground equipment	13,364	5,270	8,094	9,430
	$ 17,579,715	$ 4,143,558	$ 13,436,157	$ 13,845,740

3. Deferred contributions:

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

	2014	2013
Balance, beginning of year	$ 374,813	$ 182,068
Less amount recognized as revenue in the year	(243,137)	(22,866)
Add amount received related to future period	254,037	215,611
	$ 385,713	$ 374,813

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.

	2014	2013
Balance, beginning of year	$ 11,885,683	$ 11,861,630
Additional contributions received	1,284,128	1,048,720
Less amounts amortized to revenue	(478,269)	(521,825)
Less amounts recognized as revenue in the year	(678,117)	(502,842)
	$ 12,013,425	$ 11,885,683

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

	2014	2013
Unamortized capital contributions	$ 11,908,643	$ 11,767,637
Unspent capital contributions	104,782	118,046
	$ 12,013,425	$ 11,885,683

4. Invested in capital assets:

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

	2014	2013
Capital assets, net	$ 13,436,157	$ 13,845,740
Amounts financed by:		
Deferred contributions	(12,013,425)	(11,885,683)
Other net current assets (liabilities)	(2,002,536)	(2,505,503)
	$ (579,804)	$ (545,446)

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

	2014	2013
Excess of expenses over revenues:		
Amortization of deferred contributions Related to capital assets	$ 478,269	$ 521,825
Amortization of capital assets	(529,884)	(584,628)
Unrealized gain (loss) on investments	5,002	(33)
Investment income	6,679	3,745
Nevada ticket sales, net	5,252	5,225
Miscellaneous income	368	123
Miscellaneous expense		(15)
Donation revenue	89,043	96,020
Interest on financing – capital project	(89,043)	(96,020)
Fundraising expense	(44)	(65)
	$ (34,358)	$ (53,823)

Net change in invested in capital assets:		
Interfund transfer	$ -	$ 37,816

5. Internally restricted fund balances and interfund transfers:

Internally restricted fund balances are restricted for the purchase of capital assets and for repairs.

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, 2014 the balance of this line of credit is $nil (2013 - $nil).

The bank loan is a demand loan and bears interest payable monthly at prime minus .55%. The loan is repayable over 20 years, commencing June 30, 2012 and is due June 30, 2032. It is secured by a first fixed charge on the Centre's land and building. Monthly payments including interest are $20,818.

Future principal payments required on the demand loan for the next five years are approximately as follows:

2015	$	84,000
2016		80,000
2017		76,000
2018		71,000
2019		70,000

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 2013.

7. Financial risks and concentration of credit risk (continued):

(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 2013.

(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 $90,523 (2013 - $81,609) which include amounts payable for Employer health tax and payroll related remittances.

9. Comparative information:

Certain of the 2013 comparative information have been reclassified to conform with the presentation adopted in the current period.

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Office and Administration

Schedule 1

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Office supplies, subscriptions and periodicals	$ 7,638	$ 7,816
Printing and photocopying	30,946	30,698
Postage and courier	4,031	3,695
Telephone	16,765	27,159
	$ 59,380	$ 69,368

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Building Occupancy

Schedule 2

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Storage	$ 3,344	$ 5,173
Housekeeping supplies	20,085	17,562
Building insurance	1,627	1,559
Repairs and maintenance	43,109	36,857
Purchased services	47,569	46,613
Hydro and water	98,387	84,068
Gas	15,654	12,400
	$ 229,775	$ 204,232