Financial Statements of

JOHN MCGIVNEY CHILDREN'S CENTRE

Year ended March 31, 2017

KPMG LLP
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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, 2017 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, 2017 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

May 30, 2017
Windsor, Canada

JOHN MCGIVNEY CHILDREN'S CENTRE

Balance Sheet

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	$ 1,609,540	$ 1,646,938
Marketable securities	22,650	23,675
Accounts receivable	637,868	495,533
Inventory	31,618	33,309
Prepaid expenses	109,140	78,758
	2,410,816	2,278,213
Capital assets (note 2)	17,650,342	17,633,022
Less: accumulated amortization	5,709,796	5,202,120
	11,940,546	12,430,902
	$ 14,351,362	$ 14,709,115
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 958,169	$ 1,052,478
Deferred contributions (note 3):		
Expenses of future periods	504,495	520,340
Capital assets	12,722,681	13,021,000
	13,227,176	13,541,340
Fund balances:		
Invested in capital assets (note 4)	(633,659)	(590,441)
Internally restricted (note 5)	470,316	376,316
Endowment	72,673	72,673
Unrestricted	256,687	256,749
	166,017	115,297
	$ 14,351,362	$ 14,709,115

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, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Program revenue	$ 8,683,908	$ 8,519,189
Fundraising and donations	159,058	113,469
Expense recoveries	487,140	462,526
Investment income	223	317
Nevada ticket sales, net	8,866	(7,424)
Miscellaneous	102,369	5,457
Amortization of deferred contributions related to capital assets	512,640	536,550
	9,954,204	9,630,084
Expenses:		
Salaries and benefits:		
Salaries	6,809,173	6,614,904
Benefits	1,488,293	1,516,001
	8,297,466	8,130,905
Direct program expenses:		
Supplies and materials	157,060	132,435
Purchased services	40,322	32,065
Training and conference	29,288	20,471
Staff mileage	83,683	83,018
Program administration	65,267	67,927
Miscellaneous	3,884	1,447
	379,504	337,363
Other expenses:		
Board and volunteer development	13,604	6,967
Management and administration training, conference and travel	13,944	15,320
Staff training, recruitment and other	12,446	2,401
Professional fees and consulting	58,381	81,226
Office and administration (schedule 1)	63,042	65,915
Service charges, fees and interest	1,420	2,500
Network support and maintenance	99,653	113,581
Licence and membership	36,283	26,245
Fundraising and development	28,811	40,917
Insurance	39,295	39,227
Building occupancy (schedule 2)	347,335	219,817
Health and safety	1,945	5,712
Miscellaneous	2,679	2,877
One time funding - special needs strategy	-	3,786
Amortization	507,676	529,592
	1,226,514	1,156,083
Total expenses	9,903,484	9,624,351
Excess of revenue over expenses	$ 50,720	$ 5,733

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Changes in Fund Balances

Year ended March 31, 2017, with comparative information for 2016

	Invested in capital assets	Internally restricted	Endowment	Unrestricted	2017 Total	2016 Total
Fund balance, beginning of year	$ (590,441)	$ 376,316	$ 72,673	$ 256,749	$ 115,297	$ 109,564
Excess of revenue over expenses (expenses over revenue) for the year (note 4b)	(43,218)	-	-	93,938	50,720	5,733
Interfund transfer		94,000		(94,000)	-	-
Fund balance, end of year	$ (633,659)	$ 470,316	$ 72,673	$ 256,687	$ 166,017	$ 115,297

See accompanying notes to financial statements.

JOHN MCGIVNEY CHILDREN'S CENTRE

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

		2017		2016
Cash provided by (used for):				
Operating activities:				
Excess of revenue over expenses for the year	$	50,720	$	5,733
Items not involving cash:				
Amortization		507,676		529,592
Amortization of deferred contributions related to capital assets		(512,640)		(536,550)
Gain on sale of capital asset		(500)		-
Increase in non-cash operating working capital		(264,310)		(548,802)
Net increase (decrease) in deferred contributions related to expenses of future periods		(15,845)		103,488
		(234,899)		(446,539)
Investing activities:				
Net increase in deferred contributions related to capital assets		214,321		4,325
Proceeds on disposal of capital asset		500		-
Purchase of capital assets		(17,320)		(540)
		197,501		3,785
Decrease in cash		(37,398)		(442,754)
Cash, beginning of year		1,646,938		2,089,692
Cash, end of year	$	1,609,540	$	1,646,938

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	2017 Net book value	2016 Net book value
Land	$ 1	$ -	$ 1	$ 1
Landscaping and fencing improvements	136,450	64,532	71,918	75,329
Building	14,898,506	3,423,343	11,475,163	11,847,626
Furniture and equipment	918,078	717,814	200,264	246,632
Leaseholds	265,912	265,912	-	-
Parking lot	563,164	394,212	168,952	225,268
Computer equipment	824,058	803,895	20,163	30,624
Management information system	30,809	30,809	-	-
Playground equipment	13,364	9,279	4,085	5,422
	$ 17,650,342	$ 5,709,796	$ 11,940,546	$ 12,430,902

3. Deferred contributions:

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

	2017	2016
Balance, beginning of year	$ 520,340	$ 416,852
Less amount recognized as revenue in the year	(281,589)	(237,736)
Add amount received related to future period	265,744	341,224
	$ 504,495	$ 520,340

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.

	2017	2016
Balance, beginning of year	$ 13,021,000	$ 13,553,225
Additional contributions received	214,571	4,575
Less amounts amortized to revenue	(512,640)	(536,550)
Less amounts recognized as revenue in the year	(250)	(250)
	$ 12,722,681	$ 13,021,000

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

	2017	2016
Unamortized capital contributions	$ 12,484,020	$ 12,979,340
Unspent capital contributions	238,661	41,660
	$ 12,722,681	$ 13,021,000

4. Invested in capital assets:

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

	2017	2016
Capital assets, net	$ 11,940,546	$ 12,430,902
Amounts financed by		
Deferred contributions	(12,722,681)	(13,021,000)
Other net current assets (liabilities)	148,476	(343)
	$ (633,659)	$ (590,441)

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

	2017	2016
Excess of expenses over revenues:		
Amortization of deferred contributions		
Related to capital assets	$ 512,640	$ 536,550
Amortization of capital assets	(507,676)	(529,592)
Investment income	266	367
Nevada ticket sales, net	8,824	(7,474)
Miscellaneous income (expense)	(57,272)	322
	$ (43,218)	$ (77)

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, 2017 the balance of this line of credit is $ nil (2016 - $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 2016.

(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 2016.

(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 $129,234 (2016 - $112,826) 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 (2016 - $72,673) is externally restricted for specific purposes. Investment income on the remaining assets is unrestricted.

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Office and Administration

Schedule 1

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Office supplies, subscriptions and periodicals	$ 5,587	$ 6,281
Printing and photocopying	30,189	32,977
Postage and courier	4,221	4,220
Telephone	23,045	22,437
	$ 63,042	$ 65,915

JOHN MCGIVNEY CHILDREN'S CENTRE

Schedule of Expenses - Building Occupancy

Schedule 2

Year ended March 31, 2017, with comparative information for 2016

		2017		2016
Storage	$	4,480	$	16,380
Housekeeping supplies		17,495		15,445
Building insurance		1,662		1,650
Repairs and maintenance		36,494		16,980
Purchased services		155,823		46,475
Hydro and water		116,560		111,381
Gas		14,821		11,506
	$	347,335	$	219,817