

Financial Statements of

**GRANDVIEW CHILDREN'S
CENTRE**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Grandview Children's Centre

Opinion

We have audited the financial statements of Grandview Children's Centre (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets 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 financial position of the Entity as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Entity 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.

Other Matter - Comparative Information

The financial statements for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on August 20, 2020.



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

Those charged with governance are responsible for overseeing the Entity'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 Entity's internal control.



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- 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 Entity'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 Entity 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 achieves fair presentation.
- 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

Vaughan, Canada

June 3, 2021

GRANDVIEW CHILDREN'S CENTRE

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 1,743,844	\$ 1,324,396
Accounts receivable	1,143,539	470,933
Accrued interest	436	2,573
Prepaid expenses	159,069	137,402
Due from Grandview Children's Foundation (note 7)	124,166	150,780
	<u>3,171,054</u>	<u>2,086,084</u>
Investments (note 2)	2,764,724	2,508,170
Capital assets (note 3)	3,482,277	2,093,449
	<u>\$ 9,418,055</u>	<u>\$ 6,687,703</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 3,031,597	\$ 1,892,987
Deferred revenue (note 5)	399,577	431,825
	<u>3,431,174</u>	<u>2,324,812</u>
Deferred capital contributions (note 6)	3,482,277	2,093,449
	<u>6,913,451</u>	<u>4,418,261</u>
Net assets:		
Internally restricted (note 9)	1,953,082	1,758,835
Unrestricted	551,522	510,607
	<u>2,504,604</u>	<u>2,269,442</u>
Lease commitments (note 10)		
Economic dependence (note 12)		
	<u>\$ 9,418,055</u>	<u>\$ 6,687,703</u>

See accompanying notes to financial statements.

On behalf of the Board:



Trustee



Trustee

GRANDVIEW CHILDREN'S CENTRE

Statement of Operations

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

	2021	2020
Revenue:		
Ministry of Children, Community and Social Services ("MCCSS") (note 11)	\$ 16,909,017	\$ 15,919,010
Regional Municipality of Durham	567,304	557,117
Purchased services	356,229	178,366
Investment income (loss)	256,554	(33,679)
Amortization of deferred capital contributions	232,917	213,138
Rent	180,564	177,144
Miscellaneous	119,101	221,737
Donations and foundation grants (note 7)	114,363	352,672
Interest	9,644	30,246
	<u>18,745,693</u>	<u>17,615,751</u>
Expenses (recovery):		
Salaries	12,461,785	10,117,439
Benefits	2,912,963	2,359,442
Contract service	1,004,089	3,080,431
Supplies and equipment	388,515	551,196
Information technology	334,199	312,521
Miscellaneous	310,650	22,842
Rent	268,178	239,274
Amortization	232,917	213,138
Utilities	124,788	140,450
Professional fees	114,166	89,039
Repairs and maintenance	92,742	149,826
Telecommunications	76,102	90,505
Memberships	63,642	52,122
Training	59,419	36,244
Promotion and publicity	37,051	113,659
Insurance	32,516	29,417
Travel	(3,191)	52,629
	<u>18,510,531</u>	<u>17,650,174</u>
Excess (deficiency) of revenue over expenses	\$ 235,162	\$ (34,423)

See accompanying notes to financial statements.

GRANDVIEW CHILDREN'S CENTRE

Statement of Changes in Net Assets

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

			2021	2020
	Internally restricted (note 9)	Unrestricted	Total	Total
Net assets, beginning of year	\$ 1,758,835	\$ 510,607	\$ 2,269,442	\$ 2,303,865
Excess (deficiency) of revenue over expenses	–	235,162	235,162	(34,423)
Interfund transfer (note 9)	194,247	(194,247)	–	–
Net assets, end of year	\$ 1,953,082	\$ 551,522	\$ 2,504,604	\$ 2,269,442

See accompanying notes to financial statements.

GRANDVIEW CHILDREN'S CENTRE

Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 235,162	\$ (34,423)
Items not involving cash:		
Amortization of capital assets	232,917	213,138
Amortization of deferred capital contributions	(232,917)	(213,138)
Change in non-cash operating working capital:		
Accounts receivable	(672,606)	(391,217)
Accrued interest	2,137	(319)
Prepaid expenses	(21,667)	45
Accounts payable and accrued liabilities	1,138,610	1,035,069
Deferred revenue	(32,248)	69,926
Due from Grandview Children's Foundation	26,614	227,841
	<u>676,002</u>	<u>906,922</u>
Financing activities:		
Deferred contributions received	1,621,745	677,271
Investing activities:		
Net change in investments	(256,554)	33,679
Purchase of capital assets	(1,621,745)	(677,271)
	<u>(1,878,299)</u>	<u>(643,592)</u>
Increase in cash	419,448	940,601
Cash, beginning of year	1,324,396	383,795
Cash, end of year	<u>\$ 1,743,844</u>	<u>\$ 1,324,396</u>

See accompanying notes to financial statements.

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements

Year ended March 31, 2021

Grandview Children's Centre (the "Centre") is an independently operated not-for-profit organization incorporated in Ontario in 1985. As one of Ontario's Children's Treatment Centres, the Centre provides a range of specialized services and programs, clinical treatment and support to children and youth with physical, communication and developmental needs and their families. The Centre's service area is primarily Durham Region with some programs extending beyond the Regional Borders.

The Centre offers assessment, diagnostic access, prescription and provision of clinical treatment, specialized programs and therapies and specialized equipment to support children and youth from birth to the age of 21, to live life to their full potential. The Centre provides access to specialists, consultation and support for families. The Centre builds capacity in the community through partnership, knowledge exchange and consultation to professional and other organizations.

The Centre is a registered charity under the Income Tax Act (Canada) and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accounts of Canada Handbook.

(a) Revenue recognition:

The Centre follows the deferral method of accounting for contributions.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. 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.

Investment income is recognized as revenue when earned.

Revenue from purchased services, rent and miscellaneous revenue is recognized when the related services are provided.

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Centre's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets using the following annual rates:

Buildings	2.50%
Computer software	20.00%
Equipment	10.00 - 33.33%
Leasehold improvements	20.00%

Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Centre's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital assets are less than their net carrying amounts.

(c) Contributed services:

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

(d) Use of estimates:

The preparation of the financial statements 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of capital assets and accrued liabilities. Actual results could differ from those estimates.

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(e) 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 not elected to carry any such financial instruments 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 financing 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 of the 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.

(f) Allocation of expenses:

The Centre records a number of its expenses based on grant funding. The allocation of grant related expenses is based upon actual expenses incurred in relation to the budgets approved by the various grant funders.

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2021

2. Investments:

	2021	2020
Money market funds, measured at amortized cost	\$ 364,443	\$ 364,296
Indexed pooled funds, measured at fair value:		
Canadian:		
Fixed income	1,106,890	985,710
Equities	536,147	539,729
Foreign equities	757,244	618,435
	2,400,281	2,143,874
	\$ 2,764,724	\$ 2,508,170

Investment income is reinvested and funds are transferred between investments and operating accounts to meet cash flow requirements.

3. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 3	\$ –	\$ 3	\$ 2
Buildings	3,495,841	2,601,797	894,044	984,001
Computer software	353,747	342,415	11,332	24,654
Equipment	1,563,629	1,393,274	170,355	207,696
Leasehold improvements	1,181,051	907,718	273,333	365,630
Redevelopment project - construction in progress	2,133,210	–	2,133,210	511,466
	\$ 8,727,481	\$ 5,245,204	\$ 3,482,277	\$ 2,093,449

On March 10, 2021, the Centre received a parcel of land donated by the Town of Ajax to build and house the new facility for the Centre. The MCCSS - Capital Division will be providing capital grants to fund ongoing work supporting the planning, design, and development of the new Grandview facility.

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2021

3. Capital assets (continued):

As at March 31, 2021, the Centre incurred \$2,133,210 (2020 - \$511,466) in development costs, which have been recorded in construction in progress. The costs incurred in fiscal 2020 and prior related to pre-construction and planning work on the property for the new Grandview facility in Ajax. Costs incurred for the new Grandview facility will not be amortized until the facility is complete.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$210,335 (2020 - \$189,063), which includes amounts payable for payroll related taxes.

5. Deferred revenue:

	2021		2020	
	Program allocation funding	Other revenue	Program allocation funding	Other revenue
Balance, beginning of year	\$ 18,925	\$ 412,900	\$ 1,401	\$ 360,499
Amounts received related to future years	–	215,957	18,925	256,181
Amounts recognized as revenue in the year	(18,925)	(229,280)	(1,401)	(203,780)
Balance, end of year	\$ –	\$ 399,577	\$ 18,925	\$ 412,900

6. Deferred capital contributions:

	2021	2020
Balance, beginning of year	\$ 2,093,449	\$ 1,629,316
Contributions received	1,621,745	677,271
Amounts amortized to revenue	(232,917)	(213,138)
Balance, end of year	\$ 3,482,277	\$ 2,093,449

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Deferred capital contributions (continued):

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

7. Related party transactions:

The Centre and Grandview Children's Foundation (the "Foundation") are related parties by virtue of the Foundation's responsibility of supporting the Centre's programs with its endowments and donations received. The Centre and the Foundation also have a common board member. During the year, the Centre recorded \$114,363 (2020 - \$352,672) from the Foundation.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

8. Pension plan:

Most employees of the Centre are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death.

Contributions to the plan made during the year by the Centre on behalf of its employees amounted to \$1,017,626 (2020 - \$755,094) and is included in the statement of operations.

Since the Plan is a multi-employer plan, the Centre's contributions are accounted for as if the Plan were a defined contribution plan, with the Centre's contributions being expensed in the year they come due. Any pension surplus or deficit is a joint responsibility of members and employers and may affect future contribution rates related to members. The Centre does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Centre's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at December 31, 2020 indicated an actuarial surplus of \$15,345,000.

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2021

9. Internally restricted funds:

Internally restricted funds comprise of the following:

				2021	2020
	Building reserve fund (a)	The Cathy O'Flynn education fund (b)	Capital fund - facility and special projects (c)	Total	Total
Opening balance	\$ 50,974	\$ 86,451	\$ 1,621,410	\$ 1,758,835	\$ 1,784,988
Interfund transfer	5,486	(6,239)	195,000	194,247	(26,153)
Closing balance	\$ 56,460	\$ 80,212	\$ 1,816,410	\$ 1,953,082	\$ 1,758,835

- (a) The building reserve fund was established to track building related projects/initiatives, and currently reflects facility redevelopment activities.
- (b) The Cathy O'Flynn education fund has been established to provide financial support to trustees, volunteers and staff for education and training activities including participation in, or development of, educational activities which relate directly to the mandate of the Centre; and the acquisition of educational materials which support the professional development of Grandview staff and board members.
- (c) The capital funds represent the Centre's portion of the equity of Simcoe Hall Women's League at the time of their legal separation in 1985. During 2010 and 2011, the board approved the transfer of the reserve for special projects - general fund and reserve for special projects - legacy fund into this newly created fund to be used to fund capital and program related expenses supporting the mandate and strategic direction of the Centre, modifications to the, existing building and costs associated with the new facility including equipment, furnishings, landscaping and playgrounds.

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2021

10. Lease commitments:

Under the terms of various operating leases for premises, the Centre is committed at March 31, 2021 to the following approximate minimum annual lease payments:

2022	\$ 104,670
2023	83,230
2024	83,230
2025	49,232
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	\$ 320,362

11. MCCSS revenue:

	2021	2020
Child and Youth Services - operating grant	\$ 6,337,943	\$ 6,027,788
School-based Rehabilitation Services - operating grant	4,712,845	4,791,347
Preschool Speech and Language	1,984,520	2,009,384
Infant Hearing Program	85,173	70,222
Blind Low Vision	7,368	7,164
Ontario Autism Program	3,049,867	2,731,354
Autism Spectrum Disorder Hub	731,301	281,751
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	\$ 16,909,017	\$ 15,919,010

12. Economic dependence:

The Centre received 90% (2020 - 90%) of its funding from MCCSS. In management's opinion, the Centre's continued operations are dependent on the continuance of MCCSS funding.

GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2021

13. Financial risks:

(a) Market risk:

The Centre holds investments which are subject to market risk, interest rate risk and cash flow risk. These risks will also impact future cash flow streams including dividends, gains and losses and interest income.

The value of equities changes with stock market conditions. The value of bonds will vary with developments within specific governments which issue securities.

There has been no change to this risk from 2020.

(b) General economic 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 government, 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 Canada 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 also have a direct impact on the Centre'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 the Centre is not known at this time.

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.