Financial Statements of

GRANDVIEW CHILDREN'S CENTRE

And Independent Auditor's Report thereon

Year ended March 31, 2023

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

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.

Auditor's 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 auditor's 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.

- 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 auditor's 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 auditor's 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 6, 2023

GRANDVIEW CHILDREN'S CENTRE

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 1,290,939	$ 1,897,433
Accounts receivable	613,802	1,097,609
Accrued interest	12,627	3,270
Prepaid expenses	283,003	361,531
Due from Grandview Children's Foundation (note 7)	399,079	95,815
	2,599,450	3,455,658
Investments (note 2)	366,178	2,869,651
Capital assets (note 3)	10,892,389	5,770,335
	$ 13,858,017	$ 12,095,644
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 2,709,222	$ 3,323,725
Deferred revenue (note 5)	374,434	450,980
	3,083,656	3,774,705
Deferred capital contributions (note 6)	10,892,389	5,770,335
	13,976,045	9,545,040
Net assets:		
Internally restricted (note 9)	66,109	2,026,345
Unrestricted	(184,137)	524,259
	(118,028)	2,550,604
Lease commitments (note 10)		
Economic dependence (note 12)		
	$ 13,858,017	$ 12,095,644

See accompanying notes to financial statements.

On behalf of the Board:

J R Harness Trustee

Terry Squito Trustee

GRANDVIEW CHILDREN'S CENTRE

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Ministry of Children, Community and Social Services ("MCCSS") (note 11)	$ 25,701,217	$ 21,541,225
Purchased services	806,857	915,281
Regional Municipality of Durham	563,902	553,902
Donations and foundation grants (note 7)	520,250	69,953
Other grants and miscellaneous	388,161	356,850
Rent	230,145	241,926
Amortization of deferred capital contributions	233,296	215,730
Interest	124,137	17,220
Investment income (loss)	(49,442)	104,838
	28,518,523	24,016,925
Expenses:		
Salaries	16,378,525	15,312,511
Service providers and partnerships	4,625,278	2,373,003
Benefits	4,047,279	3,340,881
Supplies and equipment	800,817	771,862
Information technology	768,767	473,617
Rent	585,830	344,400
Repairs and maintenance	290,274	309,637
Training	234,625	134,061
Amortization	233,296	215,730
Promotion and publicity	178,977	83,097
Professional fees	121,073	139,630
Utilities	113,397	114,588
Memberships	104,788	89,503
Telecommunications	103,130	88,840
Miscellaneous	55,792	117,970
Travel	46,778	23,464
Insurance	42,852	38,131
	28,731,478	23,970,925
Excess of revenue over expenses (expenses over revenue) before undernoted	(212,955)	46,000
Donation to Grandview Children's Foundation (note 7)	(2,455,677)	–
Excess of revenue over expenses (expenses over revenue)	$ (2,668,632)	$ 46,000

See accompanying notes to financial statements.

GRANDVIEW CHILDREN'S CENTRE

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Internally restricted (note 9)	Unrestricted	2023	2022
Net assets, beginning of year	$ 2,026,345	$ 524,259	$ 2,550,604	$ 2,504,604
Excess of revenue over expenses (expenses over revenue)	–	(2,668,632)	(2,668,632)	46,000
Interfund transfer (note 9)	(1,960,236)	1,960,236	–	–
Net assets, end of year	$ 66,109	$ (184,137)	$ (118,028)	$ 2,550,604

See accompanying notes to financial statements.

GRANDVIEW CHILDREN'S CENTRE

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	$ (2,668,632)	$ 46,000
Items not involving cash:		
Amortization of capital assets	233,296	215,730
Amortization of deferred capital contributions	(233,296)	(215,730)
Change in non-cash operating working capital:		
Accounts receivable	483,807	45,930
Accrued interest	(9,357)	(2,834)
Prepaid expenses	78,528	(202,462)
Accounts payable and accrued liabilities	(614,503)	292,128
Deferred revenue	(76,546)	51,403
Due from Grandview Children's Foundation	(303,264)	28,351
	(3,109,967)	258,516
Financing activities:		
Deferred contributions received	5,355,350	2,503,788
Investing activities:		
Net change in investments	2,503,473	(104,927)
Purchase of capital assets	(5,355,350)	(2,503,788)
	(2,837,227)	(2,608,715)
Increase (decrease) in cash	(606,494)	153,589
Cash, beginning of year	1,897,433	1,743,844
Cash, end of year	$ 1,290,939	$ 1,897,433

See accompanying notes to financial statements.

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.

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.

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.

2. Investments:

	2023	2022
Money market funds, measured at amortized cost	$ 366,178	$ 364,532
Indexed pooled funds, measured at fair value:		
Canadian:		
Mutual funds	–	1,106,083
Equities	–	301,026
Foreign equities	–	1,098,010
	–	2,505,119
	$ 366,178	$ 2,869,651

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

3. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 3	$ –	$ 3	$ 3
Buildings	3,495,841	2,781,711	714,130	804,084
Computer software	353,747	353,747	–	2,609
Equipment	1,641,200	1,458,321	182,879	169,916
Leasehold improvements	1,298,988	1,085,800	213,188	224,781
Redevelopment project - construction in progress	9,782,189	–	9,782,189	4,568,942
	$ 16,571,968	$ 5,679,579	$ 10,892,389	$ 5,770,335

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.

3. Capital assets (continued):

As at March 31, 2023, the Centre incurred $9,782,189 (2022 - $4,568,942) in development costs, which have been recorded in construction in progress. 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 $272,350 (2022 - $238,842), which includes amounts payable for payroll related taxes.

5. Deferred revenue:

	2023			2022		
	Program allocation funding	Other revenue (expense)	Total	Program allocation funding	Other revenue (expense)	Total
Balance, beginning of year	$ 138,476	$ 312,504	$ 450,980	$ –	$ 399,577	$ 399,577
Amounts received related to future years	–	331,206	331,206	138,476	122,403	260,879
Amounts recognized as revenue in the year	(138,476)	(269,276)	(407,752)	–	(209,476)	(209,476)
Balance, end of year	$ –	$ 374,434	$ 374,434	$ 138,476	$ 312,504	$ 450,980

6. Deferred capital contributions:

	2023	2022
Balance, beginning of year	$ 5,770,335	$ 3,482,277
Contributions received	5,355,350	2,503,788
Amounts amortized to revenue	(233,296)	(215,730)
Balance, end of year	$ 10,892,389	$ 5,770,335

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 $520,000 (2022 - $69,953) of grants from the Foundation.

In May 2022, the Centre donated $2,455,677 to 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 HealthCare 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 $1,301,336 (2022 - $1,174,720) 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, 2022 indicated an actuarial surplus of $169,129 million.

9. Internally restricted funds:

Internally restricted funds comprise of the following:

				2023	2022
	Building reserve fund (a)	The Cathy O'Flynn education fund (b)	Capital fund - facility and special projects (c)	Total	Total
Opening balance	$ 56,460	$ 73,745	$ 1,896,140	$ 2,026,345	$ 1,953,082
Internal fund transfer	(56,460)	(7,636)	(1,896,140)	(1,960,236)	73,263
Closing balance	$ –	$ 66,109	$ –	$ 66,109	$ 2,026,345

(a) The building reserve fund was established to track building related projects/initiatives, and currently reflects facility redevelopment activities. During the year, the Board approved the transfer of the entire balance of the fund to the unrestricted fund to fund donations to the Grandview Children's Foundation.

(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. During the year, the Board approved the transfer of the entire balance of the unrestricted fund to fund donations to the Grandview Children's Foundation.

The internally restricted amounts are not available for other purposes without the approval by the Board of Directors.

10. Lease commitments:

Under the terms of various operating leases for premises, the Centre is committed at March 31, 2023 to the following approximate minimum annual lease payments:

2024	$ 267,583
2025	187,660
2026	82,017
2027	77,245
	$ 614,505

11. MCCSS revenue:

	2023	2022
Ontario Autism Program	$ 8,466,961	$ 4,700,374
Community-Based Services - operating grant	7,063,113	6,796,550
School-based rehabilitation services - operating grant	6,251,480	6,115,967
Preschool Speech and Language	2,875,098	2,875,098
Autism Spectrum Disorder Hub	1,000,000	971,731
Infant Hearing Program	37,126	74,066
Blind Low Vision	7,439	7,439
	$ 25,701,217	$ 21,541,225

12. Economic dependence:

The Centre received 90% (2022 - 90%) of its funding from MCCSS. In management's opinion, the Centre's continued operations are dependent on the continuance of MCCSS funding.

13. Credit facility:

The Centre has a credit facility agreement which consists of a line of credit of up to $1,000,000 (2022 - $1,000,000). The credit facility bears interest at the bank's prime rate minus 0.75%. The line of credit is secured by a general security agreement. There is no amount drawn on this credit facility as of March 31, 2023 and 2022.

14. Financial risks:

(a) Market risk:

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of mutual funds will vary with developments within the specific companies or governments which issue the securities. The Centre manages this risk through controls to monitor and limit concentration levels. As at March 31, 2013, the Centre sold all of its investments in indexed pooled funds.

(b) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of mutual funds held by the Centre. Changes in interest rates may also affect the value of equity securities. As at March 31, 2013, the Centre sold all of its investments in indexed pooled funds.

(c) Foreign currency risk:

The value of foreign equities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. The Centre's investment manager mitigates this risk by limiting concentration levels. As at March 31, 2013, the Centre sold all of its investments in indexed pooled funds.

(d) Liquidity risk:

Liquidity risk is the risk that the Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Centre manages its liquidity risk by monitoring its operating requirements. The Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(e) Credit risk:

The Centre grants credit in the normal course of business and is exposed to credit risk on its accounts receivable. Credit evaluations are performed regularly and the financial statements take into account an allowance for bad debts.