

DRAFT #7
June 16, 2025

Financial Statements of

**GRANDVIEW CHILDREN'S
CENTRE**

And Independent Auditor's Report thereon

Year ended March 31, 2025

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, 2025
- 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, 2025, 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.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

GRANDVIEW CHILDREN'S CENTRE

DRAFT Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 6,318,204	\$ 1,282,854
Accounts receivable	1,315,552	924,682
Accrued interest	48,041	11,848
Prepaid expenses	599,695	1,230,357
Due from Grandview Children's Foundation (note 7)	2,270,913	46,734
	10,552,405	3,496,475
Investments (note 2)	9,700,034	369,202
Capital assets (note 3)	127,429,740	14,522,711
	<u>\$ 147,682,179</u>	<u>\$ 18,388,388</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 6,041,195	\$ 2,679,987
Deferred revenue (note 5)	5,931,039	1,980,394
	11,972,234	4,660,381
Deferred capital contributions (note 6)	125,341,133	12,434,104
	137,313,367	17,094,485
Net assets:		
Internally restricted (note 9)	66,109	66,109
Restricted for endowment purposes (note 7)	1,224,495	—
Unrestricted	9,078,208	1,227,794
	10,368,812	1,293,903
Lease commitments (note 10)		
Economic dependence (note 12)		
	<u>\$ 147,682,179</u>	<u>\$ 18,388,388</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Trustee

_____ Trustee

GRANDVIEW CHILDREN'S CENTRE

DRAFT Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Ministry of Children, Community and Social Services ("MCCSS") (note 11)	\$ 29,471,810	\$ 27,039,709
Amortization of deferred capital contributions (note 6)	2,636,631	247,440
Partnership programs	2,503,604	1,429,540
Purchased services	979,954	1,025,284
Regional Municipality of Durham	553,902	566,552
Interest and dividend income	499,882	145,700
Donations	360,062	—
Rent	261,658	236,869
Other grants and miscellaneous	224,314	234,434
Change in market value for investments	30,474	—
Grandview Children's Foundation grant (note 7)	—	65,000
	37,522,291	30,990,528
Expenses:		
Salaries	20,488,137	17,576,807
Service providers and partnerships	5,106,042	4,604,162
Benefits	4,991,054	4,493,851
Amortization	2,636,631	247,440
Supplies and equipment	1,774,430	1,124,635
Information technology	910,805	1,077,020
Rent	511,782	552,510
Utilities	250,026	139,430
Training	225,923	99,445
Professional fees	149,032	151,520
Repairs and maintenance	170,178	151,325
Insurance	126,317	40,399
Telecommunications	125,124	118,712
Memberships	118,351	143,778
Promotion and publicity	71,899	163,259
Travel	64,084	61,660
Miscellaneous	91,102	62,644
	37,810,917	30,808,597
Excess of revenue over expenses (expenses over revenue) before undernoted	(288,626)	181,931
Transferred from Grandview Children's Foundation (note 7)	8,139,040	—
Excess of revenue over expenses	\$ 7,850,414	\$ 181,931

See accompanying notes to financial statements.

GRANDVIEW CHILDREN'S CENTRE

DRAFT Statement of Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024

	Internally restricted (note 9)	Endowment	Unrestricted	2025	2024
Net assets, beginning of year	\$ 66,109	\$ —	\$ 1,227,794	\$ 1,293,903	\$ (118,028)
Excess of revenue over expenses	—	—	7,850,414	7,850,414	181,931
Endowment transferred from Grandview Children's Foundation (note 7)	—	1,224,495	—	1,224,495	—
Land contribution (note 3)	—	—	—	—	1,230,000
Net assets, end of year	\$ 66,109	\$ 1,224,495	\$ 9,078,208	\$ 10,368,812	\$ 1,293,903

See accompanying notes to financial statements.

GRANDVIEW CHILDREN'S CENTRE

DRAFT Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 7,850,414	\$ 181,931
Items not involving cash:		
Amortization of capital assets	2,636,631	247,440
Amortization of deferred capital contributions	(2,636,631)	(247,440)
Change in non-cash operating working capital:		
Accounts receivable	(390,870)	(310,880)
Accrued interest	(36,193)	779
Prepaid expenses	630,662	(947,354)
Accounts payable and accrued liabilities	3,361,208	(29,235)
Deferred revenue	3,950,645	1,605,960
Due from Grandview Children's Foundation	(2,224,179)	352,345
	13,141,687	853,546
Financing activities:		
Deferred capital contributions received	115,543,660	1,789,155
Investing activities:		
Net change in investments	(9,330,832)	(3,024)
Endowment transferred from Grandview Children's Foundation	1,224,495	—
Purchase of capital assets	(115,543,660)	(2,647,762)
	(123,649,997)	(2,650,786)
Increase (decrease) in cash	5,035,350	(8,085)
Cash, beginning of year	1,282,854	1,290,939
Cash, end of year	\$ 6,318,204	\$ 1,282,854

See accompanying notes to financial statements.

GRANDVIEW CHILDREN'S CENTRE

DRAFT Notes to Financial Statements

Year ended March 31, 2025

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 Accountants 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

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2025

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

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2025

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

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Investments:

Investments comprise the following:

	2025	2024
Money market funds, measured at amortized cost	\$ 2,159,726	\$ 369,202
Measured at fair value:		
Canadian fixed income	3,927,794	—
Canadian equities	1,668,760	—
Foreign equities	1,943,754	—
	7,540,308	—
	\$ 9,700,034	\$ 369,202

3. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 3	\$ —	\$ 3	\$ 3
Land (a)	1,230,000	—	1,230,000	1,230,000
Buildings	131,397,716	5,429,706	125,968,010	624,173
Computer software	353,747	353,747	—	—
Equipment	1,712,936	1,566,523	146,413	988,290
Leasehold improvements	1,298,988	1,213,674	85,314	108,901
Development project - construction in progress	—	—	—	11,571,344
	\$ 135,993,390	\$ 8,563,650	\$ 127,429,740	\$ 14,522,711

(a) On June 22, 2023, the Centre received a parcel of land from a private donor with a fair market value of \$1,230,000.

GRANDVIEW CHILDREN'S CENTRE

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2025

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$272,350 (2024 - \$173,272), which includes amounts payable for payroll-related taxes.

5. Deferred revenue:

	2025		2024	
	Program allocation funding	Other	Total	Total
Balance, beginning of year	\$ 190,826	\$ 1,789,568	\$ 1,980,394	\$ 374,434
Amounts received related to future years	553,902	7,540,689	8,094,591	5,436,692
Amounts recognized as revenue in the year	(553,902)	(4,612,320)	(5,166,222)	(3,830,732)
Amounts transferred from the Grandview Children's Foundation (note 7)	—	1,022,276	1,022,276	—
Balance, end of year	\$ 190,826	\$ 5,740,213	\$ 5,931,039	\$ 1,980,394

6. Deferred capital contributions:

	2025		2024	
Balance, beginning of year	\$ 12,434,104	\$ 10,892,389		
Contributions received (note 7)	115,543,660	1,789,155		
Amounts amortized to revenue	(2,636,631)	(247,440)		
Balance, end of year	\$ 125,341,133	\$ 12,434,104		

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.

GRANDVIEW CHILDREN'S CENTRE

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2025

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.

During the year, the Centre and the Foundation signed an asset transfer agreement which the Foundation agreed to transferred substantially all its assets and liabilities to the Centre, excluding a \$400,000 cash balance as a holdback until the Foundation dissolves. The net contribution received from the Foundation was \$10,385,811, which included a contribution of \$8,139,040 included in the statement of operations, a contribution of \$1,022,276 included in deferred revenue, and \$1,224,495 contribution of endowment included as a direct increase in net assets. As at March 31, 2025, the Foundation still holds cash balance above the holdback amount, and the excess cash was recorded as amount due from the Foundation.

During the year and prior to the asset transfer, the Centre recorded nil (2024 - \$65,000) of operating grants and \$5,998,356 (2024 - \$1,020,244) of capital grants from the Foundation. The Centre also provided finance support services, office space, and insurance to the Foundation. During the year, the Foundation paid the Centre \$26,170 (2024 - \$33,704) for these services.

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 \$1,837,519 (2024 - \$1,474,326) and is included in the statement of operations.

GRANDVIEW CHILDREN'S CENTRE

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2025

8. Pension plan (continued):

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, 2024 indicated an actuarial surplus of \$10,438 million.

9. Internally restricted funds:

Internally restricted funds comprise of 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 the Centre's staff and board members.

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 to the following minimum annual lease payments:

2026	\$ 148,076
2027	110,957
2028	8,588
2029	8,588
2030	3,578
	<hr/>
	\$ 279,787

GRANDVIEW CHILDREN'S CENTRE

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2025

11. MCCSS revenue:

	2025	2024
Ontario Autism Program	\$ 6,117,676	\$ 6,911,574
Community-Based Services - operating grant	10,945,097	8,909,573
School-based rehabilitation services - operating grant	8,898,119	8,000,000
Preschool Speech and Language	3,510,918	3,218,562
	<u>\$ 29,471,810</u>	<u>\$ 27,039,709</u>

12. Economic dependence:

The Centre received 78% (2024 - 87%) 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 (2024 - \$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, 2025 and 2024.

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.

(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.

GRANDVIEW CHILDREN'S CENTRE

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2025

14. Financial risks (continued):

(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.

(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.