

Financial Statements of

**GRANDVIEW CHILDREN'S  
CENTRE**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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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, 2022
- 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, 2022, 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.



### ***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 2, 2022

# GRANDVIEW CHILDREN'S CENTRE

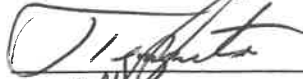
## Statement of Financial Position


March 31, 2022, with comparative information for 2021

|   | 2022                 | 2021                |
|---|----------------------|---------------------|
| <b>Assets</b>                                     |                      |                     |
| Current assets:                                   |                      |                     |
| Cash  | \$ 1,897,433         | \$ 1,743,844        |
| Accounts receivable                               | 1,097,609            | 1,143,539           |
| Accrued interest                                  | 3,270                | 436                 |
| Prepaid expenses                                  | 361,531              | 159,069             |
| Due from Grandview Children's Foundation (note 7) | 95,815               | 124,166             |
|   | <u>3,455,658</u>     | <u>3,171,054</u>    |
| Investments (note 2)                              | 2,869,651            | 2,764,724           |
| Capital assets (note 3)                           | 5,770,335            | 3,482,277           |
|   | <u>\$ 12,095,644</u> | <u>\$ 9,418,055</u> |
| <b>Liabilities and Net Assets</b>                 |                      |                     |
| Current liabilities:                              |                      |                     |
| Accounts payable and accrued liabilities (note 4) | \$ 3,323,725         | \$ 3,031,597        |
| Deferred revenue (note 5)                         | 450,980              | 399,577             |
|   | <u>3,774,705</u>     | <u>3,431,174</u>    |
| Deferred capital contributions (note 6)           | 5,770,335            | 3,482,277           |
|   | <u>9,545,040</u>     | <u>6,913,451</u>    |
| Net assets:                                       |                      |                     |
| Internally restricted (note 9)                    | 2,026,345            | 1,953,082           |
| Unrestricted                                      | 524,259              | 551,522             |
|   | <u>2,550,604</u>     | <u>2,504,604</u>    |
| Lease commitments (note 10)                       |                      |                     |
| Economic dependence (note 12)                     |                      |                     |
|   | <u>\$ 12,095,644</u> | <u>\$ 9,418,055</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, 2022, with comparative information for 2021

|   | 2022              | 2021              |
|---|-------------------|-------------------|
| <b>Revenue:</b>   |                   |                   |
| Ministry of Children, Community and Social Services ("MCCSS") (note 11) | \$ 21,541,225     | \$ 16,909,017     |
| Purchased services  | 915,281           | 356,229           |
| Regional Municipality of Durham   | 553,902           | 567,304           |
| Other grants and miscellaneous  | 356,850           | 119,101           |
| Rent  | 241,926           | 180,564           |
| Amortization of deferred capital contributions                          | 215,730           | 232,917           |
| Investment income   | 104,838           | 256,554           |
| Donations and foundation grants (note 7)                                | 69,953            | 114,363           |
| Interest  | 17,220            | 9,644             |
|   | <u>24,016,925</u> | <u>18,745,693</u> |
| <b>Expenses (recovery):</b>   |                   |                   |
| Salaries  | 15,312,511        | 12,461,785        |
| Benefits  | 3,340,881         | 2,912,963         |
| Service providers and partnerships                                      | 2,373,003         | 1,004,089         |
| Supplies and equipment  | 771,862           | 388,515           |
| Information technology  | 473,617           | 334,199           |
| Rent  | 344,400           | 268,178           |
| Repairs and maintenance   | 309,637           | 92,742            |
| Amortization  | 215,730           | 232,917           |
| Professional fees   | 139,630           | 114,166           |
| Training  | 134,061           | 59,419            |
| Miscellaneous   | 117,970           | 310,650           |
| Utilities   | 114,588           | 124,788           |
| Memberships   | 89,503            | 63,642            |
| Telecommunications  | 88,840            | 76,102            |
| Promotion and publicity   | 83,097            | 37,051            |
| Insurance   | 38,131            | 32,516            |
| Travel  | 23,464            | (3,191)           |
|   | <u>23,970,925</u> | <u>18,510,531</u> |
| <b>Excess of revenue over expenses</b>                                  | <b>\$ 46,000</b>  | <b>\$ 235,162</b> |

See accompanying notes to financial statements.

# GRANDVIEW CHILDREN'S CENTRE

## Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

|                                 | Internally<br>restricted<br>(note 9) | Unrestricted | 2022         | 2021         |
|---------------------------------|--------------------------------------|--------------|--------------|--------------|
| Net assets, beginning of year   | \$ 1,953,082                         | \$ 551,522   | \$ 2,504,604 | \$ 2,269,442 |
| Excess of revenue over expenses | –                                    | 46,000       | 46,000       | 235,162      |
| Interfund transfer (note 9)     | 73,263                               | (73,263)     | –            | –            |
| Net assets, end of year         | \$ 2,026,345                         | \$ 524,259   | \$ 2,550,604 | \$ 2,504,604 |

See accompanying notes to financial statements.

# GRANDVIEW CHILDREN'S CENTRE

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| Cash provided by (used in):                    |                     |                     |
| Operating activities:                          |                     |                     |
| Excess of revenue over expenses                | \$ 46,000           | \$ 235,162          |
| Items not involving cash:                      |                     |                     |
| Amortization of capital assets                 | 215,730             | 232,917             |
| Amortization of deferred capital contributions | (215,730)           | (232,917)           |
| Change in non-cash operating working capital:  |                     |                     |
| Accounts receivable                            | 45,930              | (672,606)           |
| Accrued interest                               | (2,834)             | 2,137               |
| Prepaid expenses                               | (202,462)           | (21,667)            |
| Accounts payable and accrued liabilities       | 292,128             | 1,138,610           |
| Deferred revenue                               | 51,403              | (32,248)            |
| Due from Grandview Children's Foundation       | 28,351              | 26,614              |
|  | <u>258,516</u>      | <u>676,002</u>      |
| Financing activities:                          |                     |                     |
| Deferred contributions received                | 2,503,788           | 1,621,745           |
| Investing activities:                          |                     |                     |
| Net change in investments                      | (104,927)           | (256,554)           |
| Purchase of capital assets                     | (2,503,788)         | (1,621,745)         |
|  | <u>(2,608,715)</u>  | <u>(1,878,299)</u>  |
| Increase in cash                               | 153,589             | 419,448             |
| Cash, beginning of year                        | 1,743,844           | 1,324,396           |
| Cash, end of year                              | <u>\$ 1,897,433</u> | <u>\$ 1,743,844</u> |

See accompanying notes to financial statements.



# GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements

Year ended March 31, 2022

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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, 2022

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## 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:

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

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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, 2022

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## 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, 2022

## 2. Investments:

|  | 2022         | 2021         |
|--|--------------|--------------|
| Money market funds, measured at amortized cost | \$ 364,532   | \$ 364,443   |
| Indexed pooled funds, measured at fair value:  |              |              |
| Canadian:                                      |              |              |
| Mutual funds                                   | 1,106,083    | 1,106,890    |
| Equities                                       | 301,026      | 536,147      |
| Foreign equities                               | 1,098,010    | 757,244      |
|  | 2,505,119    | 2,400,281    |
|  | \$ 2,869,651 | \$ 2,764,724 |

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

## 3. Capital assets:

|   | 2022          |                             | 2021              |                   |
|---|---------------|-----------------------------|-------------------|-------------------|
|   | Cost          | Accumulated<br>amortization | Net book<br>value | Net book<br>value |
| Land  | \$ 3          | \$ -                        | \$ 3              | \$ 3              |
| Buildings   | 3,495,841     | 2,691,757                   | 804,084           | 894,044           |
| Computer software                                   | 353,747       | 351,138                     | 2,609             | 11,332            |
| Equipment   | 1,596,746     | 1,426,830                   | 169,916           | 170,355           |
| Leasehold improvements                              | 1,215,992     | 991,211                     | 224,781           | 273,333           |
| Redevelopment project -<br>construction in progress | 4,568,942     | -                           | 4,568,942         | 2,133,210         |
|   | \$ 11,231,271 | \$ 5,460,936                | \$ 5,770,335      | \$ 3,482,277      |

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, 2022

### 3. Capital assets (continued):

As at March 31, 2022, the Centre incurred \$4,568,942 (2021 - \$2,133,210) in development costs, which have been recorded in construction in progress. The costs incurred in fiscal 2021 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 \$238,842 (2021 - \$210,335), which includes amounts payable for payroll related taxes.

### 5. Deferred revenue:

|   | 2022                       |                         |            | 2021                       |                         |            |
|---|----------------------------|-------------------------|------------|----------------------------|-------------------------|------------|
|   | Program allocation funding | Other revenue (expense) | Total      | Program allocation funding | Other revenue (expense) | Total      |
| Balance, beginning of year                | \$ -                       | \$ 399,577              | \$ 399,577 | \$ 18,925                  | \$ 412,900              | \$ 431,825 |
| Amounts received related to future years  | 138,476                    | 122,403                 | 260,879    | -                          | 215,957                 | 215,957    |
| Amounts recognized as revenue in the year | -                          | (209,476)               | (209,476)  | (18,925)                   | (229,280)               | (248,205)  |
| Balance, end of year                      | \$ 138,476                 | \$ 312,504              | \$ 450,980 | \$ -                       | \$ 399,577              | \$ 399,577 |

### 6. Deferred capital contributions:

|                              | 2022         | 2021         |
|------------------------------|--------------|--------------|
| Balance, beginning of year   | \$ 3,482,277 | \$ 2,093,449 |
| Contributions received       | 2,503,788    | 1,621,745    |
| Amounts amortized to revenue | (215,730)    | (232,917)    |
| Balance, end of year         | \$ 5,770,335 | \$ 3,482,277 |

# GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 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 \$69,953 (2021 - \$114,363) of grants 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 \$1,174,720 (2021 - \$1,017,626) 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, 2021 indicated an actuarial surplus of \$17,567,000.

# GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 9. Internally restricted funds:

Internally restricted funds comprise of the following:

|                    |                                 |   |   | 2022         | 2021         |
|--------------------|---------------------------------|---|---|--------------|--------------|
|                    | Building<br>reserve<br>fund (a) | The Cathy<br>O'Flynn<br>education<br>fund (b) | Capital fund -<br>facility and<br>special<br>projects (c) | Total        | Total        |
| Opening balance    | \$ 56,460                       | \$ 80,212                                     | \$ 1,816,410  | \$ 1,953,082 | \$ 1,758,835 |
| Interfund transfer | –                               | (6,467)                                       | 79,730  | 73,263       | 194,247      |
| Closing balance    | \$ 56,460                       | \$ 73,745                                     | \$ 1,896,140  | \$ 2,026,345 | \$ 1,953,082 |

- (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.

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

# GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 10. Lease commitments:

Under the terms of various operating leases for premises, the Centre is committed at March 31, 2022 to the following approximate minimum annual lease payments:

|      |            |
|------|------------|
| 2023 | \$ 342,418 |
| 2024 | 238,361    |
| 2025 | 187,660    |
| 2026 | 82,017     |
| 2027 | 77,245     |
|      | <hr/>      |
|      | \$ 927,701 |

## 11. MCCSS revenue:

|  | 2022          | 2021          |
|--|---------------|---------------|
| Community-Based Services - operating grant             | \$ 6,796,550  | \$ 6,337,943  |
| School-based rehabilitation services - operating grant | 6,115,967     | 4,712,845     |
| Ontario Autism Program                                 | 4,700,374     | 3,049,867     |
| Preschool Speech and Language                          | 2,875,098     | 1,984,520     |
| Autism Spectrum Disorder Hub                           | 971,731       | 731,301       |
| Infant Hearing Program                                 | 74,066        | 85,173        |
| Blind Low Vision                                       | 7,439         | 7,368         |
|  | <hr/>         | <hr/>         |
|  | \$ 21,541,225 | \$ 16,909,017 |

## 12. Economic dependence:

The Centre received 90% (2021 - 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 (2021 - \$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, 2022 and 2021.



# GRANDVIEW CHILDREN'S CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 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. The Centre's policies for managing this risk are disclosed above.

### (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.