



Financial Statements

Niagara Children's Centre

March 31, 2017

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# Independent Auditor's Report

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To the Members of  
Niagara Children's Centre

We have audited the accompanying financial statements of Niagara Children's Centre, which comprise the statement of financial position as at March 31, 2017, and the statements of changes in fund balances, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal 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.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditor's Report (continued)

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Niagara Children's Centre as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Report on other legal and regulatory requirements**

As required by subsection 96(2) of the Ontario Corporations Act we report that, in our opinion, the accounting principles have been applied on a consistent basis.

*Grant Thornton LLP*

St. Catharines, Canada  
May 17, 2017

Chartered Professional Accountants  
Licensed Public Accountants

## Niagara Children's Centre Statement of Financial Position

March 31	Operating Fund	Capital Fund	Total 2017	Total 2016
<b>Assets</b>				
Current				
Cash	\$ 867,199	\$ 12,624	\$ 879,823	\$ 697,294
Cash, externally restricted	-	7,636	7,636	5,032
Guaranteed investment certificates	308,123	-	308,123	305,374
Accounts receivable	121,522	62	121,584	73,161
Interfund balances	(172)	172	-	-
Prepaid expenses	39,086	-	39,086	66,476
	<u>1,335,758</u>	<u>20,494</u>	<u>1,356,252</u>	<u>1,147,337</u>
Long-term				
Guaranteed investment certificates, externally restricted	-	191,386	191,386	191,397
Property and equipment (Note 3)	-	2,449,554	2,449,554	2,412,345
	<u>\$ 1,335,758</u>	<u>\$ 2,661,434</u>	<u>\$ 3,997,192</u>	<u>\$ 3,751,079</u>
<b>Liabilities</b>				
Current				
Accounts payable and accrued liabilities	\$ 757,000	\$ 4,505	\$ 761,505	\$ 561,822
Deferred revenues (Note 4)	55,940	-	55,940	106,895
Deferred contributions (Note 5)	62,250	-	62,250	60,387
	<u>875,190</u>	<u>4,505</u>	<u>879,695</u>	<u>729,104</u>
Deferred property and equipment contributions (Note 6)	-	1,862,907	1,862,907	1,825,609
<b>Fund balances</b>				
Unrestricted	-	-	-	(926)
Invested in property and equipment	-	595,000	595,000	595,089
Internally restricted (Note 7)	460,568	-	460,568	405,774
Externally restricted (Note 8)	-	199,022	199,022	196,429
	<u>460,568</u>	<u>794,022</u>	<u>1,254,590</u>	<u>1,196,366</u>
	<u>\$ 1,335,758</u>	<u>\$ 2,661,434</u>	<u>\$ 3,997,192</u>	<u>\$ 3,751,079</u>

Approved on behalf of the board

 Director

 Director

## Niagara Children's Centre Statement of Changes in Fund Balances

March 31	Unrestricted Operating Fund	Invested in Property and Equipment	Internally Restricted	Externally Restricted	Total
Balance, beginning of year, 2017	\$ (926)	\$ 595,089	\$ 405,774	\$ 196,429	\$ 1,196,366
Excess (deficiency) of revenues over expenses for the year	65,508	(89)	(9,788)	2,593	58,224
Interfund transfers (Note 7)	<u>(64,582)</u>	<u>-</u>	<u>64,582</u>	<u>-</u>	<u>-</u>
Balance, end of year, 2017	<u>\$ -</u>	<u>\$ 595,000</u>	<u>\$ 460,568</u>	<u>\$ 199,022</u>	<u>\$ 1,254,590</u>
Balance, beginning of year, 2016	\$ (926)	\$ 595,217	\$ 445,538	\$ 196,354	\$ 1,236,183
Excess (deficiency) of revenues over expenses for the year	(39,764)	(128)	-	75	(39,817)
Interfund transfers	<u>39,764</u>	<u>-</u>	<u>(39,764)</u>	<u>-</u>	<u>-</u>
Balance, end of year, 2016	<u>\$ (926)</u>	<u>\$ 595,089</u>	<u>\$ 405,774</u>	<u>\$ 196,429</u>	<u>\$ 1,196,366</u>

See accompanying notes to the financial statements.

## Niagara Children's Centre Statement of Operations

Year ended March 31	Operating Fund	Capital Fund	Total 2017	Total 2016
<b>Revenues</b>				
Ministry of Children and Youth Services	\$ 4,113,679	\$ -	\$ 4,113,679	\$ 4,150,839
Ministry of Children and Youth Services - Preschool Speech and Language	1,037,575	-	1,037,575	1,024,435
Ministry of Community and Social Services	1,039,543	-	1,039,543	877,437
Regional Municipality of Niagara	298,980	-	298,980	281,130
Community Care Access Centre	83,992	-	83,992	53,408
Other income	255,799	4,550	260,349	313,704
Amortization of deferred capital contributions	-	152,842	152,842	146,206
	<u>6,829,568</u>	<u>157,392</u>	<u>6,986,960</u>	<u>6,847,159</u>
<b>Expenses</b>				
Salaries and contracted services	5,287,379	-	5,287,379	5,208,095
Employee benefits (Note 9)	1,025,721	-	1,025,721	994,072
Centre operating	361,934	-	361,934	293,896
Building services	225,415	-	225,415	276,187
Office supplies	72,337	-	72,337	67,384
Staff development and travel	97,369	-	97,369	92,471
Therapy supplies	80,965	-	80,965	54,439
Donations	-	1,957	1,957	6,640
Amortization of property and equipment	-	152,931	152,931	146,334
	<u>7,151,120</u>	<u>154,888</u>	<u>7,306,008</u>	<u>7,139,518</u>
(Deficiency) excess of revenues over expenses before Fundraising	<u>(321,552)</u>	<u>2,504</u>	<u>(319,048)</u>	<u>(292,359)</u>
<b>Fundraising</b>				
Contributions (Note 5)	576,805	-	576,805	399,226
Salaries and expenses	(199,533)	-	(199,533)	(146,684)
Excess of fundraising revenues over expenses	<u>377,272</u>	<u>-</u>	<u>377,272</u>	<u>252,542</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ 55,720</u>	<u>\$ 2,504</u>	<u>\$ 58,224</u>	<u>\$ (39,817)</u>

## Niagara Children's Centre Statement of Cash Flows

Year ended March 31	2017	2016
Increase (decrease) in cash		
<b>Operating</b>		
(Deficiency) excess of revenues over expenses for the year	\$ 58,224	\$ (39,817)
(Decrease) increase in deferred revenues related to operations	(50,955)	(64,979)
Increase in deferred contributions related to operations	1,863	60,387
Adjustments for non-cash items		
Amortization of property and equipment	152,931	146,334
Amortization of contributions	<u>(152,842)</u>	<u>(146,206)</u>
	9,221	(44,281)
Changes in non-cash working capital		
Accounts receivable	(48,423)	89,602
Prepaid expenses	27,390	32,351
Accounts payable and accrued liabilities	<u>199,683</u>	<u>244,971</u>
	<u>187,871</u>	<u>322,643</u>
<b>Investing</b>		
Purchase of property and equipment	(190,140)	-
Investments purchased	<u>(2,738)</u>	<u>(14,421)</u>
	<u>(192,878)</u>	<u>(14,421)</u>
<b>Financing</b>		
Property and equipment contributions received	<u>190,140</u>	<u>-</u>
Increase in cash	185,133	308,222
Cash		
Beginning of year	<u>702,326</u>	<u>394,104</u>
End of year	<u>\$ 887,459</u>	<u>\$ 702,326</u>
<b>Cash consists of:</b>		
Cash	\$ 879,823	\$ 697,294
Cash, externally restricted	<u>7,636</u>	<u>5,032</u>
	<u>\$ 887,459</u>	<u>\$ 702,326</u>



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# Niagara Children's Centre

## Notes to the Financial Statements

March 31, 2017

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### 1. Nature of operations

Niagara Children's Centre operates under the Ministry of Children and Youth Services and Ministry of Community and Social Services. The Centre provides rehabilitation and treatment services to children with physical, developmental or communicative challenges. The Centre is exempt from income tax as a registered charity under the Income Tax Act (Canada).

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### 2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

#### Fund accounting

Revenues and expenses related to programs delivery and fundraising are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Centre's property and equipment. The Capital Fund also reports the transactions related to certain externally restricted contributions.

#### Revenue recognition

Contributions related to the externally restricted fund are recognized as revenue of the externally restricted fund when received. Investment income in the externally restricted fund is recognized as revenue when earned.

Restricted contributions to unrestricted funds are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

#### Pension plan

The Centre offers a multi-employer defined benefit pension plan to employees. Due to the nature of the plan, the Centre does not have sufficient information to account for the plan as a defined benefit plan. Therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined benefit contribution plan. An expense is recorded in the period when the Centre is obligated to make contributions for services rendered by the employee. Any unpaid contributions are included in accounts payable and accrued liabilities on the statement of financial position.

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# Niagara Children's Centre

## Notes to the Financial Statements

March 31, 2017

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### 2. Significant accounting policies (continued)

#### Financial instruments

##### Measurement

The Centre initially measures its financial assets and liabilities at fair value.

The Centre subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, guaranteed investment certificates, accounts receivable, and accounts payable and accrued liabilities.

#### Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized to estimated residual values at the following annual rates over the estimated useful lives of the related assets:

Building	5% Declining balance
Parking lot	8% Declining balance
Equipment and furniture	20% Declining balance
Computer hardware	30% Declining balance

#### Management estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the year they become known.

Items subject to significant management estimates include residuals and estimated useful lives of property and equipment and amortization rates of deferred contributions.

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# Niagara Children's Centre

## Notes to the Financial Statements

March 31, 2017

### 3. Property and equipment

			<u>2017</u>	<u>2016</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 201,434	\$ -	\$ 201,434	\$ 201,434
Building	5,643,292	3,679,226	1,964,066	2,038,802
Parking lot	256,753	124,024	132,729	26,161
Equipment and furniture	927,710	777,429	150,281	144,456
Computer hardware	589,353	588,309	1,044	1,492
	<u>\$ 7,618,542</u>	<u>\$ 5,168,988</u>	<u>\$ 2,449,554</u>	<u>\$ 2,412,345</u>

### 4. Deferred revenues

Deferred revenues reported in the Operating Fund include the portion of revenues relating to operating expenses not yet incurred. The deferred revenues are recognized to revenue when the related expenses are incurred.

The changes for the year in the deferred revenues balance reported in the Operating Fund are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 106,895	\$ 171,874
Revenues received during the year	56,752	89,354
Amounts recognized in revenues	<u>(107,707)</u>	<u>(154,333)</u>
Balance, end of year	<u>\$ 55,940</u>	<u>\$ 106,895</u>

### 5. Deferred contributions

Donations and grants received in the year totalled \$578,307 (2016 - \$459,613). Of these donations and grants, \$62,250 (2016 - \$60,387) relate to restricted contributions for designated expenses to be incurred in a future fiscal year. These deferred contributions are reported in the operating fund and are recognized to fundraising contributions when the related expenses are incurred.

The changes for the year in the deferred contributions balance reported in the Operating Fund are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 60,387	\$ -
Designated contributions received during the year	122,719	117,966
Amounts recognized in contributions	<u>(120,856)</u>	<u>(57,579)</u>
Balance, end of year	<u>\$ 62,250</u>	<u>\$ 60,387</u>

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# Niagara Children's Centre

## Notes to the Financial Statements

March 31, 2017

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### 6. Deferred property and equipment contributions

Deferred contributions reported in the Capital Fund include the unamortized portion of contributions relating to property and equipment acquisitions. The deferred contributions are amortized on the same basis as the property and equipment to which the contribution relates.

The changes for the year in the deferred contributions balance reported in the Capital Fund are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,825,609	\$ 1,971,815
Contributions received during the year	190,140	-
Amount amortized to revenue	<u>(152,842)</u>	<u>(146,206)</u>
Balance, end of year	<u>\$ 1,862,907</u>	<u>\$ 1,825,609</u>

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### 7. Internally restricted fund balances and interfund transfers

As of March 31, 2017, \$64,582 was transferred to the internally restricted fund from the unrestricted operating fund.

As of March 31, 2017, the Centre has internally restricted resources amounting to \$460,568. Of this amount, \$11,029 is to be used for the employee fund, \$144,660 is to be used for the strategic priorities fund and \$304,879 is to be used for the operating fund. These internally restricted amounts are not available for other purposes without the approval of the board of directors.

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### 8. Externally restricted fund balance

The externally restricted fund balance consists largely of the Dr. W. J. Orr Trust fund, which recognizes the significant contribution he has made to children since the early 1950's. The purpose of the fund is to benefit and enhance the lives of children of the Region of Niagara who have physical disabilities and no other funding available.

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### 9. Pension plan

Substantially all of the employees of the Centre are eligible to be members of the Hospitals of Ontario Pension Plan, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Centre contributions equal the employee contributions to the plan. During the year ended March 31, 2017, the Centre contributed \$425,417 (2016 - \$388,813) to the plan.

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## Niagara Children's Centre Notes to the Financial Statements

March 31, 2017

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### 10. Service contracts

The Centre has service contracts with The Ministry of Children and Youth Services and Ministry of Community and Social Services. Reconciliation reports summarize by service, all revenues and expenses and identifies any resulting surplus or deficit that relates to the Service Contracts.

	A550 Treatment and Rehab Services	A710S Facility Renewal	A463 Early Literacy	9261 Special Needs Phase 2	9256 Assessment & Counselling	2017 Total
Operating grant	\$ 4,113,679	\$ 217,400	\$ 125,500	\$ 1,003,648	\$ 64,500	\$ 5,524,727
Expenses						
Salaries and benefits	3,531,510	-	114,461	815,438	64,500	4,525,909
Other service costs	582,169	212,170	6,039	3,575	-	803,953
	<u>4,113,679</u>	<u>212,170</u>	<u>120,500</u>	<u>819,013</u>	<u>64,500</u>	<u>5,329,862</u>
Central administration	-	-	5,000	8,500	-	13,500
Variance - end of year	\$ -	\$ 5,230	\$ -	\$ 176,135	\$ -	\$ 181,365

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### 11. Credit facility

The Centre's credit facility includes an authorized overdraft lending account of \$150,000 bearing interest at prime plus 0.25%. No amount was outstanding during the 2017 fiscal year.

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### 12. Financial instruments

The following analysis provides a measure of the Centre's risk exposure and concentrations at the statement of financial position date, March 31, 2017:

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Centre is not significantly exposed to these market risks.

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