

MALTBY CENTRE
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Assets (Deficiency)	5
Statement of Cash Flow	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Maltby Centre

We have audited the accompanying financial statements of Maltby Centre which comprise the statement of financial position as at March 31, 2018 and the statements of operations, change in net assets (deficiency) and cash flow for the year ended March 31, 2018.

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 agency'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 entity'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maltby Centre as at March 31, 2018 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Secker Ross & Perry LLP

Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
June 25, 2018

MALTBY CENTRE**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash	\$ 1,834,052	\$ 1,356,582
Accounts recoverable	236,069	192,710
Prepaid expense	<u>23,447</u>	<u>22,944</u>
	<u>2,093,568</u>	<u>1,572,236</u>
Capital Assets (note 3)	1,588,777	1,118,573
Less accumulated depreciation	<u>517,571</u>	<u>313,623</u>
	<u>1,071,206</u>	<u>804,950</u>
	<u>\$ 3,164,774</u>	<u>\$ 2,377,186</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 1,257,184	\$ 1,156,442
Accrued vacation liability	276,357	319,052
Unexpended revenue - Other	66,776	87,913
Unexpended revenue - KFL&A Children & Youth Services Planning Committee	169,263	162,013
Amounts payable to Ministry of Children and Youth Services (note 5)	<u>543,050</u>	<u>115,928</u>
	2,312,630	1,841,348
Deferred Capital Contributions (note 6)	<u>1,071,206</u>	<u>804,950</u>
	<u>3,383,836</u>	<u>2,646,298</u>
Net Assets (Deficiency)		
Unrestricted (deficit) (note 7)	(282,357)	(325,052)
Internally restricted	<u>63,295</u>	<u>55,940</u>
	<u>(219,062)</u>	<u>(269,112)</u>
	<u>\$ 3,164,774</u>	<u>\$ 2,377,186</u>

Commitments (note 8)**Economic Dependence (note 12)**

Approved on behalf of the Board:

Director



Director



See accompanying notes to financial statements.

MALTBY CENTRE
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
Revenues		
Ministry of Children and Youth Services		
Base funding (note 5)	\$ 16,587,185	\$ 15,351,011
Investment and other income	180,717	187,719
Amortization of deferred capital contributions (note 6)	<u>235,392</u>	<u>175,969</u>
	<u>17,003,294</u>	<u>15,714,699</u>
Expenses		
Salaries	8,216,404	7,615,160
Benefits	2,127,925	1,956,405
Travel	197,367	212,282
Training	63,355	121,960
Building occupancy	987,866	868,169
Purchased services - non-client related	259,312	228,170
Program costs	111,212	102,260
Purchased services - client related	4,315,919	3,948,728
Client expenses - other	58,915	25,001
Office administration - general	117,147	145,506
Office administration - information technology	231,636	219,587
Miscellaneous	73,489	69,198
Depreciation	<u>235,392</u>	<u>175,969</u>
	<u>16,995,939</u>	<u>15,688,395</u>
Excess of revenues over expenses before the undernoted	7,355	26,304
Change in accrued vacation liability	<u>42,695</u>	<u>(43,531)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 50,050</u>	<u>\$ (17,227)</u>

See accompanying notes to financial statements.

MALTBY CENTRE

STATEMENT OF CHANGE IN NET ASSETS (DEFICIENCY)

YEAR ENDED MARCH 31, 2018

	<u>2018</u>			<u>2017</u>
	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Total</u>	<u>Total</u>
Net assets (deficiency) at beginning of year at beginning of year	\$ (325,052)	\$ 55,940	\$ (269,112)	\$ (251,885)
Excess (deficiency) of revenues over expenses	50,050	-	50,050	(17,227)
Interfund transfers (note 11)	<u>(7,355)</u>	<u>7,355</u>	<u>-</u>	<u>-</u>
Net assets (deficiency) at beginning of year at end of year	<u>\$ (282,357)</u>	<u>\$ 63,295</u>	<u>\$ (219,062)</u>	<u>\$ (269,112)</u>

See accompanying notes to financial statements.

MALTBY CENTRE
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
Cash flow from (used in) operating activities		
Excess (deficiency) of revenues over expenses	\$ 50,050	\$ (17,227)
Items which do not involve cash		
Depreciation expense	235,392	175,969
Amortization of deferred capital contributions	<u>(235,392)</u>	<u>(175,969)</u>
	50,050	(17,227)
Changes in non-cash working capital balances		
Amounts recoverable	(43,359)	42,125
Prepaid expense	(503)	(4,168)
Accounts payable and accrued liabilities	100,742	199,711
Accrued vacation liability	(42,695)	43,531
Amounts payable to Ministry of Children and Youth Services	427,122	109,139
Unexpended revenue - Other	(21,137)	(7,029)
Unexpended revenue - KFL&A Children & Youth Services Planning Committee	<u>7,250</u>	<u>6,346</u>
	<u>477,470</u>	<u>372,428</u>
Cash flow used in investing activities		
Purchase of capital assets	<u>(501,648)</u>	<u>(505,319)</u>
Cash flow from financing activities		
Deferred capital contributions received	<u>501,648</u>	<u>505,319</u>
Net increase in cash	477,470	372,428
Cash at beginning of year	<u>1,356,582</u>	<u>984,154</u>
Cash at end of year	<u>\$ 1,834,052</u>	<u>\$ 1,356,582</u>

See accompanying notes to financial statements.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

1. Purpose of the Organization

Maltby Centre is incorporated without share capital under the laws of Ontario. It is a registered charity and is exempt from income taxes under the Canadian Income Tax Act. The agency's objectives are to offer a broad range of services and supports that are responsive to the mental health and autism needs of children, youth and families in the counties of Frontenac, Hastings, Prince Edward, Lanark, Lennox and Addington and Leeds and Grenville.

2. Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue Recognition

The agency follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue when received or receivable, provided that the amounts to be received can be reasonably estimated and collection is reasonably assured.

(b) Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis using the following useful lives:

Vehicles	10 years
Furniture and fixtures	7 years
Computer hardware	3-5 years
Leasehold improvements	over the lease term

(c) Deferred Capital Contributions

Deferred capital contributions represent financial assistance received for the purchase of capital assets. This financial assistance is deferred and amortized to income on the same basis as the related capital assets.

(d) Financial Instruments

Financial instruments are initially recognized at fair value and then subsequently at amortized cost. Interest revenue and other income is recognized in the statement of operations in the period in which the income is earned.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2018

2. Significant Accounting Policies (continued)

(e) Ministry of Children and Youth Services Funding

The agency is funded primarily by the Ontario Ministry of Children and Youth Services. These financial statements reflect the funding arrangements approved by the Ministry for the year ended March 31, 2018.

From time to time, the agency receives funding from the Ministry that permits the agency to disburse funds to clients and their families for specific purposes, with the requirement that the recipients subsequently provide evidence that funds were spent in accordance within agreed upon parameters. If funds were not spent appropriately or reconciliations are not provided within specific timelines, the agency is permitted to try to recover all or part of the funds provided. Funds disbursed under such agreements are recorded as expenses as they are disbursed, with recoveries (if any) recognized as a reduction in expenses once the recoveries are quantified with reasonable precision and collection is reasonably assured.

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the year. Actual results could differ from those estimates.

3. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Net	Net
Furniture and fixtures	\$ 153,516	\$ 53,886	\$ 99,630	\$ 106,274
Computer hardware	550,740	326,777	223,963	277,258
Vehicles	76,494	35,379	41,115	45,683
Leasehold improvements	808,027	101,529	706,498	375,735
	<u>\$ 1,588,777</u>	<u>\$ 517,571</u>	<u>\$ 1,071,206</u>	<u>\$ 804,950</u>

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are the following government remittances owing:

	2018	2017
Workers' Compensation	\$ 11,231	\$ 9,558
Employer Health Tax	-	3,029
	<u>\$ 11,231</u>	<u>\$ 12,587</u>

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2018

5. Service Contract/Child and Family Services Act Approval with Ministry of Children and Youth Services

The agency has a Service Contract/Child and Family Services Act Approval with the Ministry of Children and Youth Services. A reconciliation report summarizes by service all of the revenues and expenditures incurred, and identifies any resulting surplus or deficit relating to the Service Contract/Child and Family Services Act Approval.

A breakdown of the funding and expenditures for the current year, by program, is as follows:

	<u>Ministry Funding</u>	<u>Net Expenditures</u>	<u>Surplus/ (Deficit)</u>
Children & Youth Mental Health Services:			
Brief	\$ 780,593	\$ 780,593	\$ -
Counselling/Therapy	2,316,611	2,316,611	-
Crisis	183,475	183,475	-
Family/Caregiver Skills	126,161	126,161	-
Access Intake	564,831	564,831	-
Intensive	1,549,696	1,549,696	-
Service Coordination	114,698	114,698	-
Specialized Consultation	172,626	172,626	-
Targeted Prevention	110,715	110,715	-
Lead Agency	274,590	274,590	-
Youth Outreach Worker	80,100	80,100	-
SNAP	471,400	471,400	-
Autism Programs and Services:			
Autism Intervention Program	6,122,851	6,122,851	-
School Support Program	736,024	736,024	-
Other ASD Supports	35,800	35,800	-
ABA Based services and supports	2,073,500	2,073,500	-
Special Autism Funding \$8K	120,000	32,000	88,000
Special Autism Funding \$10K	1,222,400	758,150	464,250
Other Programs:			
Community Capacity	95,600	95,600	-
Community Enhancement	47,334	47,334	-
Complex Special Needs	241,378	241,378	-
Court Worker Program	96,096	96,096	-
Court Ordered Assessments Sec 34	34,000	30,000	4,000
Bill 148 Transition Support	41,873	41,873	-
	<u>17,612,352</u>	<u>17,056,102</u>	<u>556,250</u>
Less: allocated to deferred capital contributions	<u>(501,648)</u>	<u>(501,648)</u>	<u>-</u>
	<u>\$ 17,110,704</u>	<u>\$ 16,554,454</u>	<u>\$ 556,250</u>

MALTBY CENTRE**NOTES TO FINANCIAL STATEMENTS (continued)****YEAR ENDED MARCH 31, 2018****5. Service Contract/Child and Family Services Act Approval with Ministry of Children and Youth Services (continued)**

A summary of the amounts outstanding at year-end is as follows:

	<u>2018</u>	<u>2017</u>
Surplus repayable, fiscal 2015/2016	\$ -	\$ 3,483
Surplus repayable, fiscal 2016/2017	800	112,445
Surplus repayable, fiscal 2017/2018	556,250	-
Amount receivable from the Ministry	<u>(14,000)</u>	<u>-</u>
	<u>\$ 543,050</u>	<u>\$ 115,928</u>

The agency also delivers programming on behalf of other funding agencies as follows:

	<u>Ministry Funding</u>	<u>Net Expenditures</u>	<u>Surplus/ (Deficit)</u>
Family Support Program	<u>\$ 32,730</u>	<u>\$ 32,730</u>	<u>\$ -</u>

6. Deferred Capital Contributions

The changes in the deferred capital contributions balance are as follows:

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 804,950	\$ 475,600
Contributions received	501,648	505,319
Amounts recognized in revenue	<u>(235,392)</u>	<u>(175,969)</u>
Balance at end of year	<u>\$ 1,071,206</u>	<u>\$ 804,950</u>

7. Deficiency

The deficit is composed of the following:

	<u>2018</u>	<u>2017</u>
Unfunded vacation liability	\$ (276,357)	\$ (319,052)
Other	<u>(6,000)</u>	<u>(6,000)</u>
	<u>\$ (282,357)</u>	<u>\$ (325,052)</u>

Under the terms of the agency's operating agreement with the Ministry of Children and Youth Services, expenditures to staff for vacation pay are eligible for funding only when the expenditures are actually paid. Under Canadian accounting standards for not-for-profit organizations, the agency recognizes the expense and liability associated with vacation pay as staff members earn it. Consequently, the component of the agency's deficit relating to accrued vacation results from the timing difference between the recognition of the expense and the recognition of the funding revenue. It is the agency's expectation that the vacation pay owing to staff will be funded through its operating agreement with the Ministry, though this is contingent on the eventual timing of the expenditures and the consent of the Ministry.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2018

8. Commitments

The agency is committed to annual rent payments under lease agreements for premises occupied as follows:

<u>Location</u>	<u>Approximate Annual Rental</u>	<u>Expiry</u>
Hyperion Court	\$ 430,975	May 31, 2036
Amherstview	\$ 46,833	July 31, 2021
Sydenham	\$ 26,450	December 31, 2022
Napanee	\$ 38,082	March 31, 2020

The agency entered into a long-term facility lease at Hyperion Court effective June 1, 2016 with a term of twenty years. The terms of the lease include payments for leasehold improvements financed by the landlord. Base rent for the arrangement is fixed for the first five years of the lease at \$7 per square foot, following which there will be an increase for each five year period thereafter up to a rate of \$7.95 per square foot for the final period. The agency's share of operating costs associated with the properties, where applicable, are not included in the figures above.

9. Pension Plan

The agency makes contributions to a defined benefit plan administered by Healthcare of Ontario Pension Plan ("HOOPP") for union and non-union employees. Because HOOPP is a multi-employer pension plan, the agency does not recognize any share of the pension plan surplus or deficit. At December 31, 2017, the plan had a surplus of \$18 billion, whose benefits are shared by the hospitals and other contributing institutions and their employees. Contributions to the plan made during the year by the agency on behalf of its employees amounted to \$718,640 (2017 - \$695,626) and are included as an expense in the statement of operations.

10. Financial Risks

(a) Fair Values

The carrying amounts for cash, amounts recoverable, accounts payable and amounts payable to Ministry of Children and Youth Services approximate their fair values because of the short-term nature of these instruments.

(b) Credit Risk

The agency is exposed to credit risk in the event of non-performance by counterparties in connection with its amounts recoverable and its cash balances. Cash balances are maintained with Canadian chartered banks while amounts recoverable are generally composed of balances owing from various federal, provincial or municipal governments or their respective agencies. The maximum exposure to credit risk of these assets is the carrying amount noted on the statement of financial position.

Unless otherwise noted, it is management's opinion that the agency is not exposed to significant market, interest or currency risks arising from its financial instruments.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2018

11. Interfund Transfers

The agency's board of directors approved the transfer of certain donations received during the course of the year from the unrestricted fund to the internally restricted fund.

12. Economic Dependence

The agency is economically dependent on the Ministry of Children and Youth Services for the majority of its operating funding.

13. Comparative Figures

Certain comparative figures have been restated in order to conform to the financial statement presentation adopted for the current year.