

MALTBY CENTRE
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Assets (Deficiency)	6
Statement of Cash Flow	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Maltby Centre

Opinion

We have audited the accompanying financial statements of Maltby Centre (the "Entity"), which comprise the statement of financial position as at March 31, 2020 and the statements of operations, change in net assets (deficiency) and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its financial performance 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 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

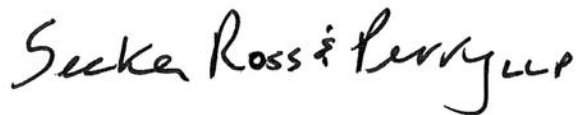
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 these 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

We 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.




Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
August 4, 2020

MALTBY CENTRE**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash	\$ 2,050,477	\$ 1,656,516
Amounts recoverable	348,671	316,549
Prepaid expenses and deposits (note 3)	<u>106,237</u>	<u>33,049</u>
	<u>2,505,385</u>	<u>2,006,114</u>
Capital Assets (note 4)	2,395,336	2,301,175
Less accumulated depreciation	<u>845,806</u>	<u>765,305</u>
	<u>1,549,530</u>	<u>1,535,870</u>
	<u>\$ 4,054,915</u>	<u>\$ 3,541,984</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 838,907	\$ 1,660,643
Accrued vacation liability	353,246	213,840
Unexpended revenue - Childhood budgets and other	290,960	112,947
Unexpended revenue - KFL&A Planning Committee	122,063	146,200
Amounts payable to the Province of Ontario (note 6(b))	<u>1,169,206</u>	<u>20,305</u>
	2,774,382	2,153,935
Deferred Capital Contributions (note 7)	<u>1,549,530</u>	<u>1,535,870</u>
	<u>4,323,912</u>	<u>3,689,805</u>
Net Assets (Deficiency)		
Unrestricted (deficit) (note 8)	(359,246)	(219,840)
Internally restricted	<u>90,249</u>	<u>72,019</u>
	<u>(268,997)</u>	<u>(147,821)</u>
	<u>\$ 4,054,915</u>	<u>\$ 3,541,984</u>

Commitments (note 9)**Economic Dependence (note 13)**

Approved on behalf of the Board:

Director Director 

See accompanying notes to financial statements.

MALTBY CENTRE
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Revenues		
Provincial government funding (note 6(a))	\$ 16,481,334	\$ 16,938,707
Investment and other income	259,851	192,057
Amortization of deferred capital contributions (note 7)	218,095	265,452
Services revenue	86,703	-
	<u>17,045,983</u>	<u>17,396,216</u>
Expenses		
Salaries	7,965,957	8,167,059
Purchased services - client related	4,626,453	4,618,746
Benefits	2,058,352	2,128,683
Building occupancy	1,012,726	1,069,944
Purchased services - non-client related	298,281	228,142
Depreciation	218,095	265,452
Travel	181,332	229,718
Office administration - information technology	174,328	223,791
Office administration - general	169,956	131,243
Training	102,985	98,169
Client expenses - other	76,051	77,037
Miscellaneous	72,891	71,487
Program costs	70,346	78,021
	<u>17,027,753</u>	<u>17,387,492</u>
Excess of revenues over expenses before the undernoted	18,230	8,724
Change in accrued vacation liability	<u>(139,406)</u>	<u>62,517</u>
Excess (deficiency) of revenues over expenses	<u>\$ (121,176)</u>	<u>\$ 71,241</u>

See accompanying notes to financial statements.

MALTBY CENTRE**STATEMENT OF CHANGE IN NET ASSETS (DEFICIENCY)****YEAR ENDED MARCH 31, 2020**

	<u>2020</u>			<u>2019</u>
	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Total</u>	<u>Total</u>
Net assets (deficiency) at beginning of year	\$ (219,840)	\$ 72,019	\$ (147,821)	\$ (219,062)
Excess (deficiency) of revenues over expenses	(121,176)	-	(121,176)	71,241
Interfund transfers (note 12)	<u>(18,230)</u>	<u>18,230</u>	<u>-</u>	<u>-</u>
Net assets (deficiency) at beginning of year	<u>\$ (359,246)</u>	<u>\$ 90,249</u>	<u>\$ (268,997)</u>	<u>\$ (147,821)</u>

See accompanying notes to financial statements.

MALTBY CENTRE
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ (121,176)	\$ 71,241
Items which do not involve cash		
Depreciation expense	218,095	265,452
Amortization of deferred capital contributions	<u>(218,095)</u>	<u>(265,452)</u>
	(121,176)	71,241
Changes in non-cash working capital balances		
Amounts recoverable	(32,122)	(80,480)
Prepaid expenses and deposits	(73,188)	(9,602)
Accounts payable and accrued liabilities	(821,736)	403,459
Accrued vacation liability	139,406	(62,517)
Amounts payable to the Province of Ontario	1,148,901	(522,745)
Unexpended revenue - Childhood Budgets and Other	178,013	46,171
Unexpended revenue - KFL&A Planning Committee	<u>(24,137)</u>	<u>(23,063)</u>
	<u>393,961</u>	<u>(177,536)</u>
Cash flow used in investing activities		
Purchase of capital assets	<u>(231,755)</u>	<u>(730,116)</u>
Cash flow from financing activities		
Deferred capital contributions received	<u>231,755</u>	<u>730,116</u>
Net increase (decrease) in cash	393,961	(177,536)
Cash at beginning of year	<u>1,656,516</u>	<u>1,834,052</u>
Cash at end of year	<u><u>\$ 2,050,477</u></u>	<u><u>\$ 1,656,516</u></u>

See accompanying notes to financial statements.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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, 2020

2. Significant Accounting Policies (continued)

(e) Government Funding

The agency is funded primarily by the Ontario Ministry of Children, Community and Social Services ("MCCSS") and the Ontario Ministry of Health and Long-Term Care ("MOHLTC"). These financial statements reflect the funding arrangements approved by the Province of Ontario for the year ended March 31, 2020.

From time to time, the agency receives funding 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 by the recipient or reconciliations are not provided within specific timelines, the agency will 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.

Significant estimates in these financial statements include collectibility of amounts recoverable, the rates used for amortization of capital assets and the balance of the amount repayable to the Province of Ontario. The agency bases its estimates of amortization rates on historical experience and various other assumptions that it believes to be reasonable. Amounts repayable to the Province of Ontario representing the cumulative excess of funding received over expenditures, may be adjusted by the results of reconciliations performed by the agency. Any adjustments arising from changes in these estimates are recorded when the changes occur.

MALTBY CENTRE**NOTES TO FINANCIAL STATEMENTS (continued)****YEAR ENDED MARCH 31, 2020****3. Prepaid Expenses and Deposits**

Included in prepaid expenses and deposits at March 31, 2020 is a non-refundable deposit in the amount of \$82,113 (2019 - \$Nil) paid to an external supplier for implementation costs associated with digital health record services. In accordance with an arrangement signed March 19, 2020, the agency would be obligated for monthly subscription fees in the amount of approximately \$11,000 plus applicable sales taxes once the system was fully implemented in November of 2020. The agreed upon minimum term of the arrangement was three years. Subsequent to year-end, the arrangement was terminated.

4. Capital Assets

	2020			2019
	Cost	Accumulated Amortization	Net	Net
Furniture and fixtures	\$ 159,490	\$ 99,454	\$ 60,036	\$ 82,820
Computer hardware	666,125	484,173	181,952	120,240
Vehicles	80,813	17,218	63,595	36,547
Leasehold improvements	1,488,908	244,961	1,243,947	1,296,263
	<u>\$ 2,395,336</u>	<u>\$ 845,806</u>	<u>\$ 1,549,530</u>	<u>\$ 1,535,870</u>

5. Accounts Payable and Accrued Liabilities

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

	<u>2020</u>	<u>2019</u>
Trade payables - operating	\$ 372,904	\$ 439,383
Accrued wages	365,507	419,176
Accrued expenses	100,496	65,428
Trade payables - capital	-	730,227
Workers' compensation	-	6,429
	<u>\$ 838,907</u>	<u>\$ 1,660,643</u>

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

6. Provincial Government Funding

The agency has service contracts with MCCSS and MOHLTC. A reconciliation report summarizes by service all of the revenues and expenditures incurred, and identifies any resulting surplus or deficit relating to the service contracts.

(a) 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	\$ 936,092	\$ 936,092	\$ -
Counselling/Therapy	2,432,441	2,411,824	20,617
Crisis	178,108	178,108	-
Family/Caregiver Skills	106,109	106,109	-
Access Intake	581,804	581,804	-
Intensive	1,688,881	1,688,881	-
Service Coordination	120,433	120,433	-
Specialized Consultation	181,257	181,257	-
Targeted Prevention	116,251	116,251	-
Lead Agency	274,590	270,947	3,643
Youth Outreach Worker	80,100	82,491	(2,391)
SNAP	471,400	483,439	(12,039)
Autism Programs and Services:			
Autism Intervention Program	8,767,140	7,712,730	1,054,410
School Support Program	569,024	578,215	(9,191)
Other ASD Supports	35,800	35,800	-
Autism Family Support Coordinator	414,600	417,876	(3,276)
Other Programs:			
Community Capacity	95,600	95,600	-
Community Enhancement	33,334	33,334	-
Complex Special Needs	559,330	551,858	7,472
Court Worker Program	96,096	97,461	(1,365)
Court Ordered Assessments Sec 34	43,750	29,750	14,000
COVID-19	-	2,829	(2,829)
	<u>17,782,140</u>	<u>16,713,089</u>	<u>1,069,051</u>
Less: allocated to deferred capital contributions	<u>231,755</u>	<u>231,755</u>	<u>-</u>
	<u>\$ 17,550,385</u>	<u>\$ 16,481,334</u>	<u>\$ 1,069,051</u>

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

6. Provincial Government Funding (continued)

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

	<u>2020</u>	<u>2019</u>
Surplus repayable, fiscal 2018/2019	\$ 20,305	\$ 20,305
Unspent DFO funding, fiscal 2018/2019	79,850	-
Surplus repayable, fiscal 2019/2020	<u>1,069,051</u>	<u>-</u>
	<u>\$1,169,206</u>	<u>\$ 20,305</u>

7. Deferred Capital Contributions

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

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 1,535,870	\$ 1,071,206
Contributions received	231,755	730,116
Amounts recognized in revenue	<u>(218,095)</u>	<u>(265,452)</u>
Balance at end of year	<u>\$ 1,549,530</u>	<u>\$ 1,535,870</u>

8. Deficiency

The deficit is composed of the following:

	<u>2020</u>	<u>2019</u>
Unfunded vacation liability	\$ (353,246)	\$ (213,840)
Other	<u>(6,000)</u>	<u>(6,000)</u>
	<u>\$ (359,246)</u>	<u>\$ (219,840)</u>

Under the terms of the agency's operating agreement with the Province of Ontario, 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 agreements, though this is contingent on the eventual timing of the expenditures and the consent of the Province of Ontario.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

9. 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

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.

10. 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, 2019, the plan had a surplus of \$20.6 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 \$707,462 (2019 - \$707,324) and are included as an expense in the statement of operations.

11. Financial Risks

(a) Fair Values

The carrying amounts for cash, amounts recoverable, accounts payable and amounts payable to the Province of Ontario 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.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

11. Financial Risks (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the agency will encounter difficulty meeting obligations associated with financial liabilities. The agency is exposed to this risk mainly in respect of its accounts payable and amounts payable to the Province of Ontario.

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. There have been no significant changes to these risks from the prior year, and no significant changes are expected in the near future.

12. 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.

13. Economic Dependence

The agency is economically dependent on the Province of Ontario for the majority of its operating funding. The agency does not at this time have a signed operating agreement for the fiscal year ending March 31, 2021 nor for any subsequent fiscal years.

14. Comparative Figures

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