Financial Statements of

# MALTBY CENTRE

Year ended March 31, 2022

# MALTBY CENTRE

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Year ended March 31, 2022

KPMG LLP
863 Princess Street, Suite 400
Kingston ON K7L 5N4
Canada
Tel 613-549-1550
Fax 613-549-6349

# INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Maltby Centre

## *Opinion*

We have audited the financial statements of Maltby 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 (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and the 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 responsibility 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.

### Other Matter – Comparative Information

The financial statements as at and for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 21, 2021.

### Responsibility 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the 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's 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

Kingston, Canada

June 27, 2022

# MALTBY CENTRE

Statement of Financial Position

March 31, 2022, with comparative information for 2021

| | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 2,687,191 | $ 2,336,544 |
| Accounts receivable | 247,024 | 379,009 |
| Prepaid expenses and deposits (note 3) | 128,430 | 177,663 |
| | 3,062,645 | 2,893,216 |
| Capital assets (note 4) | 2,360,334 | 2,592,272 |
| Less accumulated amortization | 999,298 | 1,073,995 |
| | 1,361,036 | 1,518,277 |
| | $ 4,423,681 | $ 4,411,493 |
| **Liabilities and Net Assets (Deficiency)** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 5) | $ 1,048,874 | $ 1,304,631 |
| Accrued vacation liability | 216,917 | 348,604 |
| Deferred revenue (note 7) | 255,402 | 721,087 |
| Amounts payable to the Province of Ontario (note 6(b)) | 1,668,765 | 781,807 |
| | 3,189,958 | 3,156,129 |
| Deferred capital contributions (note 8) | 1,361,036 | 1,518,277 |
| Net assets (deficiency): | | |
| Unrestricted deficit (note 9) | (217,562) | (353,162) |
| Internally restricted | 90,249 | 90,249 |
| | (127,313) | (262,913) |
| Commitments (note 10) | | |
| Economic dependence (note 14) | | |
| | $ 4,423,681 | $ 4,411,493 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

# MALTBY CENTRE

Statement of Operations

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

| | 2022 | 2021 |
|---|---|---|
| Revenue: | | |
| Provincial government funding (note 6(a)) | $ 16,547,863 | $ 16,578,147 |
| Investment and other income | 307,569 | 263,609 |
| Amortization of deferred capital contributions | 260,442 | 228,188 |
| Services revenue | 210,528 | 64,831 |
| | 17,326,402 | 17,134,775 |
| Expenses: | | |
| Salaries | 8,536,020 | 8,246,775 |
| Purchased services - client related | 3,449,020 | 3,651,414 |
| Benefits | 2,184,575 | 1,951,090 |
| Building occupancy | 960,188 | 1,117,837 |
| Purchased services - non-client related | 405,110 | 741,739 |
| Residential and respite | 419,294 | 459,199 |
| Amortization | 260,442 | 228,188 |
| Office administration - information technology | 344,563 | 307,905 |
| Miscellaneous | 153,545 | 79,179 |
| Program costs | 123,883 | 128,262 |
| Training | 238,004 | 113,642 |
| Office administration – general | 150,643 | 84,814 |
| Travel | 38,827 | 16,854 |
| Client expenses – other | 58,375 | 6,435 |
| | 17,322,489 | 17,133,333 |
| Excess of revenue over expenses before the undernoted | 3,913 | 1,442 |
| Change in accrued vacation liability | 131,687 | 4,642 |
| Excess of revenue over expenses | $ 135,600 | $ 6,084 |

See accompanying notes to financial statements.

# MALTBY CENTRE

Statement of Changes in Net Assets (Deficiency)

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

| | Unrestricted | Internally restricted | 2022 Total | 2021 Total |
|---|---|---|---|---|
| Net assets (deficiency), beginning of year | $ (353,162) | $ 90,249 | $ (262,913) | $ (268,997) |
| Excess of revenue over expenses | 135,600 | – | 135,600 | 6,084 |
| Net assets (deficiency), end of year | $ (217,562) | $ 90,249 | $ (127,313) | $ (262,913) |

See accompanying notes to financial statements.

# MALTBY 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 | $ 135,600 | $ 6,084 |
| Items not involving cash: | | |
| Amortization | 260,442 | 228,188 |
| Amortization of deferred capital contributions | (260,442) | (228,188) |
| Changes in non-cash working capital balances: | | |
| Amounts receivable | 131,985 | (30,338) |
| Prepaid expenses and deposits | 49,233 | (71,426) |
| Accounts payable and accrued liabilities | (255,757) | 465,724 |
| Accrued vacation liability | (131,687) | (4,642) |
| Amounts payable to the Province of Ontario | 886,958 | (387,399) |
| Deferred revenue | (465,685) | 308,064 |
| | 350,647 | 286,067 |
| Investing activities: | | |
| Purchase of capital assets | (103,201) | (196,935) |
| Financing activities: | | |
| Deferred capital contributions received | 103,201 | 196,935 |
| Increase in cash | 350,647 | 286,067 |
| Cash, beginning of year | 2,336,544 | 2,050,477 |
| Cash, end of year | $ 2,687,191 | $ 2,336,544 |

See accompanying notes to financial statements.

## 1. Purpose of the Organization:

Maltby Centre (the "Agency") 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 region of Kingston Frontenac Lennox & Addington.

## 2. 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 CPA Canada Handbook – Accounting 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.

Investment and other income is recorded as earned.

(b) Capital assets:

Capital assets are recorded at acquisition cost. Amortization is provided on the straight-line method over their estimated useful lives as follows:

| Asset | Useful life |
|---|---|
| Vehicles | 10 years |
| Furniture and fixtures | 5 years |
| Computer hardware | 3 years |
| Leasehold improvements | over the term of the lease |

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value. Capital assets have been reviewed for full or partial impairment. Management has determined there are none.

## 2. Significant accounting policies (continued):

(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 recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Agency has not elected to subsequently carry its 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 Agency 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 Agency 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.

(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/Ontario Health ("MOH"). These financial statements reflect the funding arrangements approved by the Province of Ontario for the year ended March 31, 2022.

## 2. Significant accounting policies (continued):

(e) Government funding (continued):

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.

Amounts repayable to the MCCSS and MOH are recorded as reductions in revenue on the Statement of Operations.

(f) Pension plan:

The Agency participates in the Healthcare of Ontario Pension plan, a defined benefit multi-employer pension plan. The plan is accounted for on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due. The most recent regulatory funding valuation of this multi-employer pension plan conducted as at December 31, 2021 disclosed actuarial assets of $114,414 million (2020 - $103,469 million) with accrued pension liabilities of $85,905 million (2020 - $79,852 million), resulting in a surplus of $28,512 million (2020 - $24,131 million). This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2021 based on the assumptions and methods adopted for the valuation.

(g) 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. Prepaid expenses and deposits:

Included in prepaid expenses and deposits is $Nil (2021 - $151,954) of amounts paid to the Agency's benefit service provider in advance of expenses incurred.

**4. Capital assets:**

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|---|---|---|---|---|
| Furniture and fixtures | $ 292,439 | $ 188,636 | $ 103,803 | $ 126,264 |
| Computer hardware | 512,861 | 379,441 | 133,420 | 179,687 |
| Vehicles | 80,813 | 33,908 | 46,905 | 52,001 |
| Leasehold improvements | 1,474,221 | 397,313 | 1,076,908 | 1,160,325 |
| | $ 2,360,334 | $ 999,298 | $ 1,361,036 | $ 1,518,277 |

Cost and accumulated amortization at March 31, 2021, amounted to $2,592,272 and $1,073,995, respectively.

During the year, the Agency's disposed of $335,139 (2021 - $Nil) assets with a net book value of $Nil (2021 - $Nil)

Management has reviewed for impairment as at March 31, 2022 and 2021, and determined there is none.

**5. Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities are the following:

| | 2022 | 2021 |
|---|---|---|
| Trade payables - operating | $ 552,554 | $ 614,814 |
| Accrued wages | 450,563 | 579,941 |
| Accrued expenses | 45,757 | 109,876 |
| | $ 1,048,874 | $ 1,304,631 |

## 6. Provincial government funding:

The Agency has service contracts with MCCSS and MOH. A reconciliation report summarizes, by service, all of the revenues and expenses 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:

| | Ministry Funding[1] | Expenses[2] | Surplus (deficit) |
|---|---|---|---|
| Children & Youth Mental Health Services: | | | |
| Brief | $ 936,092 | $ 919,200 | $ 16,892 |
| Counselling/therapy | 2,864,241 | 2,891,116 | (26,875) |
| Crisis | 178,108 | 183,539 | (5,431) |
| Family/Caregiver Skills | 106,109 | 96,054 | 10,055 |
| Access intake | 581,804 | 557,408 | 24,396 |
| Intensive | 1,688,881 | 1,715,991 | (27,110) |
| Service Coordination | 120,433 | 114,648 | 5,785 |
| Specialized Consultation | 181,257 | 183,561 | (2,304) |
| Targeted Prevention | 116,251 | 111,659 | 4,592 |
| Lead Agency | 274,600 | 274,600 | – |
| Autism Programs and Services: | | | |
| Autism Intervention Program | 4,304,491 | 4,141,163 | 163,328 |
| Transitional Funding | 1,028,139 | 699,527 | 328,612 |
| School Support Program | 569,024 | 541,940 | 27,084 |
| Foundational Family Services | 2,007,307 | 1,835,159 | 172,148 |
| Other ASD Supports | 35,800 | 37,898 | (2,098) |
| Project Impact | 994,672 | 844,676 | 149,996 |
| Workforce Capacity | 19,500 | 9,045 | 10,455 |
| Other programs: | | | |
| Community Capacity | 95,600 | 95,249 | 351 |
| Youth Outreach Worker | 80,100 | 80,451 | (351) |
| SNAP | 471,400 | 471,400 | – |
| Community Enhancement | 33,334 | 33,334 | – |
| Complex Special Needs | 468,001 | 444,351 | 23,650 |
| Court Worker Program | 96,096 | 101,996 | (5,900) |
| Court Ordered Assessments Sec 34 | 23,000 | 17,100 | 5,900 |
| COVID-19 | 250,000 | 250,000 | – |
| | 17,524,240 | 16,651,065 | 873,175 |
| Less: allocated to deferred capital contributions | 103,201 | 103,201 | – |
| | $ 17,421,039 | $ 16,547,864 | $ 873,175 |

1. Ministry funding is reported in this schedule on the cash basis.
2. Expenses are reported in this schedule on an accrual basis.

**6. Provincial government funding (continued):**

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

| | 2022 | 2021 |
|---|---|---|
| Surplus receivable, fiscal 2019/2020 | $ – | $ (13,783) |
| Surplus repayable, fiscal 2020/2021 | 795,590 | 795,590 |
| Surplus repayable, fiscal 2021-2022 | 873,175 | – |
| | $ 1,668,765 | $ 781,807 |

**7. Deferred revenue:**

Deferred revenue is comprised of the following:

| | 2022 | 2021 |
|---|---|---|
| Fee-for-Service Prepayments | $ 111,876 | $ 294,957 |
| Child, Youth & Families Services Collaborative | 50,528 | 72,738 |
| Carry over of unspent COVID-19 funding- MOH | – | 250,000 |
| Other unexpended grants & directed donations | 92,998 | 103,392 |
| | $ 255,402 | $ 721,087 |

**8. Deferred capital contributions:**

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

| | 2022 | 2021 |
|---|---|---|
| Balance, beginning of year | $ 1,518,277 | $ 1,549,530 |
| Contributions received | 103,201 | 196,935 |
| Amounts recognized in revenue | (260,442) | (228,188) |
| Balance, end of year | $ 1,361,036 | $ 1,518,277 |

## 9. Unrestricted deficit:

The deficit is composed of the following:

| | 2022 | 2021 |
|---|---|---|
| Unfunded vacation liability | $ (216,917) | $ (348,604) |
| Other | (645) | (4,558) |
| | $ (217,562) | $ (353,162) |

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 expenses and the consent of the Province of Ontario.

## 10. Commitments:

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

| Location | Approximate annual rental | Expiry |
|---|---|---|
| Hyperion Court | $ 430,975 | May 31, 2036 |
| Sydenham | 26,450 | December 31, 2022 |
| Sharbot Lake | 4,023 | March 31, 2023 |

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.

## 11. Pension plan:

Substantially all of the employees of the Agency are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Agency on behalf of its employees amounted to $777,418 (2021 - $690,667) and are included in the Statement of Operations.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2021 Annual Report indicates the Plan is fully funded at 120%.

## 12. Financial risks:

In the normal course of operations, the Agency is exposed to a variety of financial risks which are actively managed by the Agency.

The Agency's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and amounts payable to the Province of Ontario. The fair values of these approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

(a) Credit risk:

The Agency provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, a review of outstanding amounts and maintains provisions for estimates of uncollectible amounts. The Agency assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in an allowance for doubtful accounts. The balance in the allowance for doubtful accounts as at March 31, 2022 is $1,128 (2021 - $Nil).

There have been no significant changes to the credit risk exposure from 2021.

(b) Liquidity risk:

Liquidity risk is the risk that the Agency will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Agency manages its liquidity risk by monitoring its operating requirements. The Agency prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2021.

**13. Impact of COVID-19**

Since the commencement of the COVID-19 outbreak in March 2020 there have been significant disruptions to organizations throughout Canada and around the world, leading to a general economic slowdown.

The many pandemic protocols put in place by various national governments, provincial governments and local authorities continue to create uncertainty around future operations. It is not possible to reliably estimate the duration or severity of these consequences, or their impact on the financial position and results of operations for the Agency for future periods.

In order to mitigate the effects of the pandemic, the Agency has undertaken a number of efforts, including management of its operating costs where possible, curtailing or modifying delivery of those services where close proximity of staff or clients is an issue and applying for eligible government emergency relief funding.

The Agency is following Public Health policy trends and decisions for the purposes of contingency planning for future programs.

The Agency continues to respond to the pandemic and plan for continued operational and financial impacts during the 2023 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues as the Agency has access to sufficient financial resources to sustain operations in the coming year. The outcome and time frame to a recovery from the current pandemic is highly unpredictable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

**14. Economic dependence:**

The Agency received 95% (2021 - 96%) of its funding from the Province of Ontario and, in this respect, is economically dependent upon the Province for continued support.