

MALTBY CENTRE
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

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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, 2021 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, 2021, 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.

Secker Ross & Perry LLP

Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
June 21, 2021

MALTBY CENTRE**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash	\$ 2,336,544	\$ 2,050,477
Amounts recoverable	379,009	348,671
Prepaid expenses and deposits (note 3)	<u>177,663</u>	<u>106,237</u>
	<u>2,893,216</u>	<u>2,505,385</u>
Capital Assets (note 4)		
Less accumulated depreciation	2,592,272	2,395,336
	<u>1,073,995</u>	<u>845,806</u>
	<u>1,518,277</u>	<u>1,549,530</u>
	<u>\$ 4,411,493</u>	<u>\$ 4,054,915</u>
 Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 1,304,631	\$ 838,907
Accrued vacation liability	348,604	353,246
Deferred revenue (note 7)	721,087	413,023
Amounts payable to the Province of Ontario (note 6(b))	<u>781,807</u>	<u>1,169,206</u>
	3,156,129	2,774,382
Deferred Capital Contributions (note 8)		
	<u>1,518,277</u>	<u>1,549,530</u>
	<u>4,674,406</u>	<u>4,323,912</u>
 Net Assets (Deficiency)		
Unrestricted (deficit) (note 9)	(353,162)	(359,246)
Internally restricted	<u>90,249</u>	<u>90,249</u>
	<u>(262,913)</u>	<u>(268,997)</u>
	<u>\$ 4,411,493</u>	<u>\$ 4,054,915</u>
 Commitments (note 10)		
Economic Dependence (note 14)		

Approved on behalf of the Board:

Director

Director

See accompanying notes to financial statements.

MALTBY CENTRE
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Provincial government funding (note 6(a))	\$ 16,578,147	\$ 16,481,334
Investment and other income	263,609	259,851
Amortization of deferred capital contributions (note 8)	228,188	218,095
Services revenue	<u>64,831</u>	<u>86,703</u>
	<u>17,134,775</u>	<u>17,045,983</u>
Expenses		
Salaries	8,246,775	7,965,957
Purchased services - client related	3,651,414	4,121,438
Benefits	1,951,090	2,058,352
Building occupancy	1,117,837	1,012,726
Purchased services - non-client related	741,739	298,281
Residential and respite	459,199	505,015
Depreciation	228,188	218,095
Office administration - information technology	307,905	174,328
Miscellaneous	79,179	119,254
Program costs	128,262	70,346
Training	113,642	102,985
Office administration - general	84,814	123,593
Travel	16,854	181,332
Client expenses - other	<u>6,435</u>	<u>76,051</u>
	<u>17,133,333</u>	<u>17,027,753</u>
Excess of revenues over expenses before the undernoted	1,442	18,230
Change in accrued vacation liability	<u>4,642</u>	<u>(139,406)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 6,084</u>	<u>\$ (121,176)</u>

See accompanying notes to financial statements.

MALTBY CENTRE

STATEMENT OF CHANGE IN NET ASSETS (DEFICIENCY)

YEAR ENDED MARCH 31, 2021

	<u>2021</u>			<u>2020</u>
	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Total</u>	<u>Total</u>
Net assets (deficiency) at beginning of year	\$ (359,246)	\$ 90,249	\$ (268,997)	\$ (147,821)
Excess (deficiency) of revenues over expenses	<u>6,084</u>	<u>-</u>	<u>6,084</u>	<u>(121,176)</u>
Net assets (deficiency) at end of year	<u>\$ (353,162)</u>	<u>\$ 90,249</u>	<u>\$ (262,913)</u>	<u>\$ (268,997)</u>

See accompanying notes to financial statements.

MALTBY CENTRE
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Cash flow from (used in) operating activities		
Excess (deficiency) of revenues over expenses	\$ 6,084	\$ (121,176)
Items which do not involve cash		
Depreciation expense	228,188	218,095
Amortization of deferred capital contributions	<u>(228,188)</u>	<u>(218,095)</u>
	6,084	(121,176)
Changes in non-cash working capital balances		
Amounts recoverable	(30,338)	(32,122)
Prepaid expenses and deposits	(71,426)	(73,188)
Accounts payable and accrued liabilities	465,724	(821,736)
Accrued vacation liability	(4,642)	139,406
Amounts payable to the Province of Ontario	(387,399)	1,148,901
Deferred revenue	<u>308,064</u>	<u>153,876</u>
	<u>286,067</u>	<u>393,961</u>
Cash flow used in investing activities		
Purchase of capital assets	<u>(196,935)</u>	<u>(231,755)</u>
Cash flow from financing activities		
Deferred capital contributions received	<u>196,935</u>	<u>231,755</u>
Net increase in cash	286,067	393,961
Cash at beginning of year	<u>2,050,477</u>	<u>1,656,516</u>
Cash at end of year	<u>\$ 2,336,544</u>	<u>\$ 2,050,477</u>

See accompanying notes to financial statements.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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, 2021

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, 2021.

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 MOHLTC are recorded as reductions in revenue on the statement of operations.

(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, 2021****3. Prepaid Expenses and Deposits**

Included in prepaid expenses and deposits is \$151,954 (2020 - \$Nil) of amounts paid to the agency's benefit service provider for the month of April 2021.

Also included in prepaid expenses and deposits at March 31, 2021 is a non-refundable deposit in the amount of \$Nil (2020 - \$82,113) 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. During the 2021 year-end, the arrangement was terminated.

4. Capital Assets

	2021			2020
	Cost	Accumulated Amortization	Net	Net
Furniture and fixtures	\$ 255,350	\$ 129,086	\$ 126,264	\$ 60,036
Computer hardware	767,201	587,514	179,687	181,952
Vehicles	80,813	28,812	52,001	63,595
Leasehold improvements	1,488,908	328,583	1,160,325	1,243,947
	<u>\$ 2,592,272</u>	<u>\$ 1,073,995</u>	<u>\$ 1,518,277</u>	<u>\$ 1,549,530</u>

5. Accounts Payable and Accrued Liabilities

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

	2021	2020
Trade payables - operating	\$ 614,814	\$ 372,904
Accrued wages	579,941	365,507
Accrued expenses	109,876	100,496
	<u>\$ 1,304,631</u>	<u>\$ 838,907</u>

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

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	\$ 936,094	\$ 936,094	\$ -
Counselling/Therapy	2,543,038	2,543,038	-
Crisis	178,106	191,174	(13,068)
Family/Caregiver Skills	106,106	104,612	1,494
Access Intake	581,806	511,045	70,761
Intensive	1,688,881	1,688,881	-
Service Coordination	120,431	58,790	61,641
Specialized Consultation	181,258	117,204	64,054
Targeted Prevention	144,854	130,958	13,896
Lead Agency	274,602	274,602	-
Youth Outreach Worker	80,100	79,690	410
SNAP	471,400	469,162	2,238
Autism Programs and Services:			
Autism Intervention Program	8,129,572	7,897,868	231,704
School Support Program	569,016	379,255	189,761
Other ASD Supports	35,809	35,800	9
Autism Family Support Coordinator	389,603	256,447	133,156
Other Programs:			
Community Capacity	95,600	95,042	558
Community Enhancement	33,334	33,334	-
Complex Special Needs	507,867	480,699	27,168
Court Worker Program	96,096	95,637	459
Court Ordered Assessments Sec 34	34,000	22,650	11,350
COVID-19	373,100	373,100	-
	<u>17,570,673</u>	<u>16,775,082</u>	<u>795,591</u>
Less: allocated to deferred capital contributions	<u>196,935</u>	<u>196,935</u>	<u>-</u>
	<u>\$ 17,373,738</u>	<u>\$ 16,578,147</u>	<u>\$ 795,591</u>

MALTBY CENTRE**NOTES TO FINANCIAL STATEMENTS (continued)****YEAR ENDED MARCH 31, 2021****6. Provincial Government Funding (continued)**

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

	<u>2021</u>	<u>2020</u>
Surplus repayable, fiscal 2018/2019	\$ -	\$ 20,305
Unspent DFO funding, fiscal 2018/2019	-	79,850
Surplus repayable, fiscal 2019/2020	(13,784)	1,069,051
Surplus repayable, fiscal 2020/2021	<u>795,591</u>	<u>-</u>
	<u>\$ 781,807</u>	<u>\$ 1,169,206</u>

7. Deferred Revenue

Deferred revenue is comprised of the following:

	<u>2021</u>	<u>2020</u>
Childhood budgets and fee-for-service	\$ 294,957	\$ 223,479
KFL&A Planning Committee	72,738	122,063
Carry over of unspent COVID-19 funding - MOHLTC	250,000	-
Other unexpended grants	<u>103,392</u>	<u>67,481</u>
	<u>\$ 721,087</u>	<u>\$ 413,023</u>

8. Deferred Capital Contributions

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

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 1,549,530	\$ 1,535,870
Contributions received	196,935	231,755
Amounts recognized in revenue	<u>(228,188)</u>	<u>(218,095)</u>
Balance at end of year	<u>\$ 1,518,277</u>	<u>\$ 1,549,530</u>

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

9. Unrestricted Deficit

The deficit is composed of the following:

	<u>2021</u>	<u>2020</u>
Unfunded vacation liability	\$ (348,604)	\$ (353,246)
Other	<u>(4,558)</u>	<u>(6,000)</u>
	<u>\$ (353,162)</u>	<u>\$ (359,246)</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.

10. 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.

11. 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, 2020, the plan had a surplus of \$24.1 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 \$690,667 (2020 - \$707,462) and are included as an expense in the statement of operations.

MALTBY CENTRE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

12. 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.

(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.

13. Effects of Pandemic

Since the commencement of the COVID-19 outbreak 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.

14. Economic Dependence

The agency is economically dependent on the Province of Ontario for the majority of its operating funding.

15. Comparative Figures

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