

Financial Statements of

**MALTBY CENTRE**

Year ended March 31, 2023

# MALTBY CENTRE

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Year ended March 31, 2023

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## INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



***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.

***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 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.



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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 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'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 14, 2023

# MALTBY CENTRE

## Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 2,092,006	\$ 2,687,191
Accounts receivable	254,306	247,024
Prepaid expenses and deposits (note 3)	79,933	128,430
	<u>2,426,245</u>	<u>3,062,645</u>
Capital assets (note 4)	2,279,521	2,360,334
Less accumulated amortization	1,160,462	999,298
	<u>1,119,059</u>	<u>1,361,036</u>
	<u>\$ 3,545,304</u>	<u>\$ 4,423,681</u>

## Liabilities and Net Assets (Deficiency)

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 902,137	\$ 1,048,874
Accrued vacation liability	199,083	216,917
Deferred revenue (note 7)	171,693	255,402
Amounts payable to the Province of Ontario (note 6(b))	1,219,182	1,668,765
	<u>2,492,095</u>	<u>3,189,958</u>
Deferred capital contributions (note 8)	1,119,059	1,361,036
Net assets (deficiency):		
Unrestricted deficit (note 9)	(108,850)	(217,562)
Internally restricted	43,000	90,249
	<u>(65,850)</u>	<u>(127,313)</u>
Commitments (note 10)		
Economic dependence (note 13)		
	<u>\$ 3,545,304</u>	<u>\$ 4,423,681</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# MALTBY CENTRE

## Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Provincial government funding (note 6(a))	\$ 15,947,346	\$ 16,547,863
Investment and other income	845,363	307,569
Services revenue	202,879	210,528
Amortization of deferred capital contributions	196,627	260,442
	<u>17,192,215</u>	<u>17,326,402</u>
Expenses:		
Salaries	8,834,063	8,536,020
Purchased services - client related	2,942,999	3,449,020
Benefits	2,393,358	2,184,575
Building occupancy	979,173	960,188
Purchased services - non-client related	463,981	405,110
Residential and respite	338,812	419,294
Office administration - information technology	305,683	344,563
Amortization	196,627	260,442
Training	177,377	238,004
Office administration – general	170,720	150,643
Miscellaneous	162,028	153,545
Program costs	92,315	123,883
Travel	72,201	38,827
Client expenses – other	62,249	58,375
	<u>17,191,586</u>	<u>17,322,489</u>
Excess of revenue over expenses before the undernoted	629	3,913
Change in accrued vacation liability	17,834	131,687
Gain on disposal of deferred capital contributions	45,350	–
Loss on disposal of capital assets	(2,350)	–
Excess of revenue over expenses	<u>\$ 61,463</u>	<u>\$ 135,600</u>

See accompanying notes to financial statements.

# MALTBY CENTRE

## Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2023, with comparative information for 2022

	Unrestricted	Internally restricted	2023 Total	2022 Total
Net assets (deficiency), beginning of year	\$ (217,562)	\$ 90,249	\$ (127,313)	\$ (262,913)
Excess of revenue over expenses	61,463	–	61,463	135,600
Interfund transfers (note 14):	90,249 (43,000)	(90,249) 43,000	– –	– –
	47,249	(47,249)	–	–
<b>Net assets (deficiency), end of year</b>	<b>\$ (108,850)</b>	<b>\$ 43,000</b>	<b>\$ (65,850)</b>	<b>\$ (127,313)</b>

See accompanying notes to financial statements.



# MALTBY CENTRE

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 61,463	\$ 135,600
Items not involving cash:		
Amortization	196,627	260,442
Amortization of deferred capital contributions	(196,627)	(260,442)
Loss on disposal of capital assets	2,350	–
Gain on disposal of deferred capital contributions	(45,350)	–
Changes in non-cash working capital balances:		
Amounts receivable	(7,283)	131,985
Prepaid expenses and deposits	48,498	49,233
Accounts payable and accrued liabilities	(146,737)	(255,757)
Accrued vacation liability	(17,834)	(131,687)
Amounts payable to the Province of Ontario	(449,583)	886,958
Deferred revenue	(83,709)	(465,685)
	(638,185)	350,647
Investing activities:		
Purchase of capital assets	–	(103,201)
Proceeds on disposal capital assets	43,000	–
	43,000	(103,021)
Financing activities:		
Deferred capital contributions received	–	103,201
Change in cash	(595,185)	350,647
Cash, beginning of year	2,687,191	2,336,544
Cash, end of year	\$ 2,092,006	\$ 2,687,191

See accompanying notes to financial statements.

# MALTBY CENTRE

Notes to Financial Statements

Year ended March 31, 2022

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## 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 counties 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.

# MALTBY CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 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, 2023.

# MALTBY CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 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, 2022 disclosed actuarial assets of \$104 billion (2021 - \$114 billion) with accrued pension liabilities of \$93 billion (2021 - \$86 billion), resulting in a surplus of \$11 million (2021 - \$28 million). This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2022 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 (2022 - \$ Nil) of amounts paid to the Agency's benefit service provider in advance of expenses incurred.

# MALTBY CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 4. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and fixtures	\$ 292,439	\$ 217,949	\$ 74,490	\$ 103,803
Computer hardware	512,861	462,943	49,918	133,420
Vehicles	—	—	—	46,905
Leasehold improvements	1,474,221	479,570	994,651	1,076,908
	<u>\$ 2,279,521</u>	<u>\$ 1,160,462</u>	<u>\$ 1,119,059</u>	<u>\$ 1,361,036</u>

Cost and accumulated amortization at March 31, 2022, amounted to \$2,360,334 and \$999,298, respectively.

During the year, the Agency's disposed of \$80,813 (2022 - \$335,139) assets with a net book value of \$35,462 (2022 - \$Nil).

Management has reviewed for impairment as at March 31, 2023 and 2022, and determined there is none.

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are the following:

	2023	2022
Trade payables - operating	\$ 274,308	\$ 552,554
Accrued wages	582,675	450,563
Accrued expenses	45,154	45,757
	<u>\$ 902,137</u>	<u>\$ 1,048,874</u>

# MALTBY CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 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:

	Total Funding	Net expenditures	Surplus (deficit)
Children & Youth Mental Health Services:			
Brief	\$ 936,092	\$ 955,534	\$ (19,442)
Counselling/therapy	2,864,241	2,904,862	(40,621)
Crisis	178,108	179,092	(984)
Family/Caregiver Skills	106,109	77,699	28,410
Access intake	581,804	589,200	(7,396)
Intensive	1,688,881	1,676,726	12,155
Service Coordination	120,433	119,343	1,090
Specialized Consultation	181,257	169,095	12,162
Targeted Prevention	116,251	101,625	14,626
Road Map to Wellness	274,600	274,600	–
Autism Programs and Services:			
Autism Intervention Program	4,204,491	4,204,491	–
School Support Program	569,024	559,233	9,791
Other ASD Supports	35,800	35,800	–
Foundational Family Services	2,007,307	1,989,135	18,172
Project Impact	792,022	792,022	–
Workforce Capacity	164,452	56,089	108,363
Other programs:			
Community Capacity	95,600	96,629	(1,029)
Youth Outreach Worker	80,100	79,071	1,029
SNAP	471,400	471,400	–
Community Enhancement	33,334	33,334	–
Complex Special Needs	371,149	363,177	7,972
Court Worker Program	96,096	109,196	(13,100)
Court Ordered Assessments Sec 34	34,000	20,900	13,100
COVID-19	62,306	62,306	–
Canada-Ontario Agreement on French Language Services (FLS)	4,725	1,796	2,929
Minor Capital Program	24,995	24,991	4
	16,094,577	15,947,346	147,231
Less: allocated to deferred capital contributions	–	–	–
	\$ 16,094,577	\$ 15,947,346	\$ 147,231

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

# MALTBY CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 6. Provincial government funding (continued):

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

	2023	2022
Surplus receivable, fiscal 2020/2021	\$ 198,776	\$ 795,590
Surplus repayable, fiscal 2021/2022	873,175	873,175
Surplus repayable, fiscal 2022/2023	147,231	–
	\$ 1,219,182	\$ 1,668,765

## 7. Deferred revenue:

Deferred revenue is comprised of the following:

	2023	2022
Fee-for-Service Prepayments	\$ 98,459	\$ 111,876
Child, Youth & Families Services Collaborative	–	50,528
Other unexpended grants & directed donations	73,234	92,998
	\$ 171,693	\$ 255,402

## 8. Deferred capital contributions:

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

	2023	2022
Balance, beginning of year	\$ 1,361,036	\$ 1,518,277
Contributions received	–	103,201
Amounts recognized in revenue	(196,627)	(260,442)
Gain on disposal of deferred capital contributions	(45,350)	–
Balance, end of year	\$ 1,119,059	\$ 1,361,036

# MALTBY CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 9. Unrestricted deficit:

The deficit is composed of the following:

	2023	2022
Unfunded vacation liability	\$ (199,083)	\$ (216,917)
Other	90,233	(645)
	\$ (108,850)	\$ (217,562)

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
Napanee	34,742	November 1, 2027
Sydenham	34,098	December 31, 2023
Sharbot Lake	4,435	March 31, 2024

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.



# MALTBY CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 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 \$818,988 (2022 - \$777,418) 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 2022 Annual Report indicates the Plan is fully funded at 117%.

## 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, 2023 is \$2,500 (2022 - \$1,128).

There have been no significant changes to the credit risk exposure from 2022.

### (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 2022.

# MALTBY CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## **13. Economic dependence:**

The Agency received 93% (2022 - 95%) of its funding from the Province of Ontario and, in this respect, is economically dependent upon the Province for continued support.

## **14. Internally restricted net assets:**

During the year, the Board of Directors approved the transfer of internally restricted funds in the amount of \$90,249 (2022 - \$Nil) to fund a portion of the unrestricted deficit.

During the year, the Board of Directors approved the transfer of in-year surplus in the amount of \$43,000 to the internally restricted fund. These funds represent the proceeds on sale of vehicles, and will be used in future years for client travel.

## **15. Credit facility:**

The Agency has access to an unsecured demand loan in the amount of \$700,000, bearing interest at the lender's prime rate. This credit facility was undrawn as of March 31, 2023 (2022 – undrawn).