

# Children's Treatment Centre of Chatham-Kent

## Financial Statements

For the year ended March 31, 2017

### Contents

---

Independent Auditor's Report	1 - 2
<b>Financial Statements</b>	
Statement of Operations	3 - 4
Statement of Financial Position	5 - 6
Statement of Changes in Fund Balances	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14



Tel: 519 352 4130  
Fax: 519 352 2744  
www.bdo.ca

BDO Canada LLP  
555 Richmond Street  
Suite 301  
Chatham ON N7M 1R2 Canada

---

## Independent Auditor's Report

---

To the Board of Directors of the  
Children's Treatment Centre of Chatham-Kent:

We have audited the accompanying financial statements of Children's Treatment Centre of Chatham-Kent, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

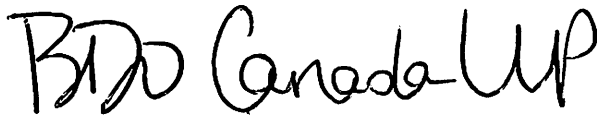
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the entity derives revenue from the public in the form of donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to fundraising revenues, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2017 and 2016, current assets at March 31, 2017 and 2016, and fund balances as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Children's Treatment Centre of Chatham-Kent as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "BDO Canada LLP". The letters are cursive and connected.

Chartered Professional Accountants, Licensed Public Accountants

Chatham, Ontario  
June 13, 2017

**Children's Treatment Centre of Chatham-Kent  
Statement of Operations**

Year Ended March 31, 2017

	General Fund						Total	Building and Equipment Fund	Total
	Core Program	Special Needs Program	Respite Program	Early Words Program	Best Start Program	Other Programs			
<b>Revenue</b>									
Ministry (note 2)	\$ 2,456,495	\$ 27,500	\$ 57,599	\$ 434,309	\$ 0	\$ 0	\$ 2,975,903	\$ 0	\$ 2,975,903
Municipal	0	0	0	0	140,369	24	140,393	0	140,393
Interest income	0	0	0	0	0	17,139	17,139	0	17,139
Donations	1,000	0	0	0	0	151,270	152,270	0	152,270
Other revenue	94,209	0	0	0	0	581,360	675,569	0	675,569
Amortization of deferred capital contributions	0	0	0	0	0	0	0	21,407	21,407
	<u>2,551,704</u>	<u>27,500</u>	<u>57,599</u>	<u>434,309</u>	<u>140,369</u>	<u>749,793</u>	<u>3,961,274</u>	<u>21,407</u>	<u>3,982,681</u>
<b>Expenses</b>									
Salaries and benefits	2,270,114	18,911	53,572	375,245	135,538	477,932	3,331,312	0	3,331,312
Operations	135,399	6,052	3,895	59,064	7,616	41,362	253,388	0	253,388
Other expenses	146,191	2,537	132	0	130	237,682	386,672	0	386,672
	<u>2,551,704</u>	<u>27,500</u>	<u>57,599</u>	<u>434,309</u>	<u>143,284</u>	<u>756,976</u>	<u>3,971,372</u>	<u>0</u>	<u>3,971,372</u>
<b>Revenue over Expenses before Other Expense</b>	0	0	0	0	(2,915)	(7,183)	(10,098)	21,407	11,309
<b>Other Expense</b>									
Amortization	0	0	0	0	0	0	0	135,046	135,046
<b>Excess of Revenues over Expenses (Expenses over Revenue)</b>	\$ 0	\$ 0	\$ 0	\$ 0	(2,915)	(7,183)	(10,098)	(113,639)	(123,737)

The accompanying notes are an integral part of these financial statements.

**Children's Treatment Centre of Chatham-Kent  
Statement of Operations**

Year Ended March 31, 2016

	General Fund						Total	Building and Equipment Fund	Total
	Core Program	Special Needs Program	Respite Program	Early Words Program	Best Start Program	Other Programs			
<b>Revenue</b>									
Ministry (note 2)	\$ 2,457,288	\$ 0	\$ 57,599	\$ 431,309	\$ 0	\$ 0	\$ 2,946,196	\$ 0	\$ 2,946,196
Municipal	0	0	0	0	143,333	17,522	160,855	0	160,855
Interest income	0	0	0	0	0	16,215	16,215	0	16,215
Donations	250	0	0	0	0	108,303	108,553	0	108,553
Other revenue	73,587	0	0	0	0	550,308	623,895	0	623,895
Amortization of deferred capital contributions	0	0	0	0	0	0	0	11,571	11,571
	<u>2,531,125</u>	<u>0</u>	<u>57,599</u>	<u>431,309</u>	<u>143,333</u>	<u>692,348</u>	<u>3,855,714</u>	<u>11,571</u>	<u>3,867,285</u>
<b>Expenses</b>									
Salaries and benefits	2,240,266	0	57,292	373,382	120,108	504,884	3,295,932	0	3,295,932
Operations	136,396	0	307	57,927	8,370	8,360	211,360	0	211,360
Other expenses	154,463	0	0	0	199	161,736	316,398	0	316,398
	<u>2,531,125</u>	<u>0</u>	<u>57,599</u>	<u>431,309</u>	<u>128,677</u>	<u>674,980</u>	<u>3,823,690</u>	<u>0</u>	<u>3,823,690</u>
<b>Revenue over Expenses before Other Expense</b>	0	0	0	0	14,656	17,368	32,024	11,571	43,595
<b>Other Expense</b>									
Amortization	0	0	0	0	0	0	0	129,362	129,362
<b>Excess of Revenues over Expenses (Expenses over Revenue)</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,656	\$ 17,368	\$ 32,024	\$ (117,791)	\$ (85,767)

The accompanying notes are an integral part of these financial statements.

# Children's Treatment Centre of Chatham-Kent Statement of Financial Position

At March 31,

2017

	General Fund	Building and Equipment Fund	Combined
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 295,026	\$ 0	\$ 295,026
Investments (note 3)	329,356	0	329,356
Accounts receivable	106,205	0	106,205
Due from Children's Treatment Centre Foundation of Chatham-Kent (note 4)	24,190	0	24,190
Prepaid expenses	27,135	0	27,135
Due from the Building and Equipment Fund	43,557	0	43,557
	825,469	0	825,469
<b>Long-Term</b>			
Investments (note 3)	433,083	0	433,083
Capital assets (note 5)	0	909,695	909,695
	433,083	909,695	1,342,778
	\$ 1,258,552	\$ 909,695	\$ 2,168,247
<b>Liabilities and Fund Balances</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities (note 6)	\$ 185,717	\$ 0	\$ 185,717
Deferred contributions (note 7)	97,955	0	97,955
Due to the General Fund	0	43,557	43,557
	283,672	43,557	327,229
<b>Long-Term Liabilities</b>			
Deferred capital contributions (note 8)	0	254,022	254,022
	283,672	297,579	581,251
<b>Fund Balances</b>			
Invested in capital assets	0	612,116	612,116
Internally restricted (note 9)	79,929	0	79,929
Unrestricted	894,951	0	894,951
	974,880	612,116	1,586,996
	\$ 1,258,552	\$ 909,695	\$ 2,168,247

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## Children's Treatment Centre of Chatham-Kent Statement of Financial Position

At March 31,

2016

	General Fund	Building and Equipment Fund	Combined
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 237,585	\$ 0	\$ 237,585
Investments (note 3)	292,785	0	292,785
Accounts receivable	113,389	0	113,389
Due from Children's Treatment Centre Foundation of Chatham-Kent (note 4)	19,245	0	19,245
Prepaid expenses	26,871	0	26,871
Due from the Building and Equipment Fund	43,557	0	43,557
	733,432	0	733,432
<b>Long-Term</b>			
Investments (note 3)	467,892	0	467,892
Capital assets (note 5)	0	1,031,576	1,031,576
	467,892	1,031,576	1,499,468
	\$ 1,201,324	\$ 1,031,576	\$ 2,232,900
<b>Liabilities and Fund Balances</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities (note 6)	\$ 148,956	\$ 0	\$ 148,956
Deferred contributions (note 7)	67,390	0	67,390
Due to the General Fund	0	43,557	43,557
	216,346	43,557	259,903
<b>Long-Term Liabilities</b>			
Deferred capital contributions (note 8)	0	262,264	262,264
	216,346	305,821	522,167
<b>Fund Balances</b>			
Invested in capital assets	0	725,755	725,755
Internally restricted (note 9)	112,405	0	112,405
Unrestricted	872,573	0	872,573
	984,978	725,755	1,710,733
	\$ 1,201,324	\$ 1,031,576	\$ 2,232,900

The accompanying notes are an integral part of these financial statements.

## Children's Treatment Centre of Chatham-Kent Statement of Changes in Fund Balances

For the year ended March 31, 2017

	General Fund			Total	Building and Equipment Fund		Total
	Internally Restricted	Externally restricted	Unrestricted		Invested in Capital Assets		
Balance, beginning of year	\$ 112,405	\$ 0	\$ 872,573	\$ 984,978	\$ 725,755	\$ 1,710,733	
Excess (deficiency) of revenue over expenses	(32,476)	0	22,378	(10,098)	(113,639)	(123,737)	
Investment in capital assets	0	(13,164)	0	(13,164)	13,164	0	
Transfer between Capital and General fund	0	13,164	0	13,164	(13,164)	0	
	<u>\$ 79,929</u>	<u>\$ 0</u>	<u>\$ 894,951</u>	<u>\$ 974,880</u>	<u>\$ 612,116</u>	<u>\$ 1,586,996</u>	

For the year ended March 31, 2016

	General Fund			Total	Building and Equipment Fund		Total
	Internally Restricted	Externally restricted	Unrestricted		Invested in Capital Assets		
Balance, beginning of year	\$ 163,139	\$ 0	\$ 789,815	\$ 952,954	\$ 843,546	\$ 1,796,500	
Excess (deficiency) of revenue over expenses	(50,734)	0	82,758	32,024	(117,791)	(85,767)	
Investment in capital assets	(3,721)	(216,525)	(7,578)	(227,824)	227,824	0	
Transfer between Capital and General fund	3,721	216,525	7,578	227,824	(227,824)	0	
	<u>\$ 112,405</u>	<u>\$ 0</u>	<u>\$ 872,573</u>	<u>\$ 984,978</u>	<u>\$ 725,755</u>	<u>\$ 1,710,733</u>	

The accompanying notes are an integral part of these financial statements.



## Children's Treatment Centre of Chatham-Kent Statement of Cash Flows

Year Ended March 31,	2017	2016
<b>Cash derived from (applied to)</b>		
<b>Operations</b>		
Excess of revenue over expenses (expenses over revenue)	\$ (123,737)	\$ (85,767)
Amortization of capital assets	135,046	129,362
Amortization of deferred capital contributions	(21,407)	(11,571)
	(10,098)	32,024
Decrease in accounts receivable	2,239	20,109
Decrease (increase) in prepaid expenses	(264)	(6,181)
Increase (decrease) in accounts payable and accrued liabilities	36,761	(39,232)
Increase in deferred contributions	30,565	37,120
	69,301	11,816
Net increase in cash from operations	59,203	43,840
<b>Financing Activities</b>		
Deferred capital contributions	13,164	227,824
<b>Investments</b>		
Purchase of capital assets	(13,164)	(227,824)
Purchase of investments	(205,321)	(291,799)
Proceeds on disposal of investments	203,559	311,656
	(14,926)	(207,967)
<b>Change in Cash Position</b>	57,441	63,697
Cash position at beginning of year	237,585	173,888
Cash position at end of year	\$ 295,026	\$ 237,585

The accompanying notes are an integral part of these financial statements.

---

# Children's Treatment Centre of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2017

---

### 1. Nature of Operations and Summary of Significant Accounting Policies

#### (a) Nature and Purpose of Organization

Children's Treatment Centre of Chatham-Kent is a non-profit organization incorporated without share capital under the Corporations Act of Ontario. The Centre's principal activities include audiology and children's rehabilitation.

The Centre is a registered charity under the income tax act and, as such, is exempt from income taxes provided certain requirements of the Income Tax Act are met and may issue income tax receipts to donors.

#### (b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

#### (c) Revenue Recognition

The Centre follows the deferral method of accounting for contributions which includes donations and government grants.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonable assured.

Deferred contributions related to property, building and equipment are amortized and recognized as revenue on the same basis as the amortization expense related to the acquired property, building and equipment.

#### (d) Deferred Capital Contributions

Deferred capital contributions consist of funds received for the purchase of property, building and equipment. The funds are to be amortized over the same life as the tangible capital assets which they financed.

(continued)

---

---

# Children's Treatment Centre of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2017

---

### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

#### (e) Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Building	40 years
Equipment	5 - 10 years
Land improvements	12.5 years

Amortization expense is reported in the Building and Equipment Fund.

#### (f) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

#### (g) Contributed Services

Contributed materials and services are not recognized in the financial statements.

#### (h) Use of Estimates

The preparation of financial statements in accordance with Canadian standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

---

---

# Children's Treatment Centre of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2017

---

### 2. Economic Dependence

The majority of the funding for the Centre is from the Province of Ontario in accordance with budget arrangements established by the Ministry of Children and Youth Services. These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ended March 31, 2017.

The Centre's building is located on government owned land. The Centre pays no rent for use of this land.

---

### 3. Investments

Investments in the General Fund are comprised of the following:

	<u>2017</u>	<u>2016</u>
Cash account	\$ 50,991	\$ 25
High interest savings account	38,345	41,260
Guaranteed investment certificates and other fixed income investments, average yield of 2.07%, maturing between May 2017 and January 2021	625,206	671,495
Strip bonds, average yield of 1.7%, maturing December 2018	<u>47,897</u>	<u>47,897</u>
	<u>762,439</u>	<u>760,677</u>
Less investments maturing in one year	<u>329,356</u>	<u>292,785</u>
	<u>\$ 433,083</u>	<u>\$ 467,892</u>

---

### 4. Due from Children's Treatment Centre Foundation of Chatham-Kent

During the current year the Children's Treatment Centre of Chatham-Kent collected funds and paid for expenditures on behalf of the Children's Treatment Centre Foundation of Chatham-Kent. These transactions are in the normal course of operations and are measured at the carrying value. As at March 31, 2017 the Centre has a receivable of \$24,190 (2016 - \$19,245) from the Children's Treatment Centre Foundation of Chatham-Kent. There are no fixed repayment terms or security.

---

# Children's Treatment Centre of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2017

### 5. Capital Assets

	Cost	Accumulated Amortization	2017 Net Book Value
Building	\$ 2,402,633	\$ 1,879,563	\$ 523,070
Equipment	1,466,637	1,207,417	259,220
Land improvements	225,686	98,281	127,405
	\$ 4,094,956	\$ 3,185,261	\$ 909,695

	Cost	Accumulated Amortization	2016 Net Book Value
Building	\$ 2,402,633	\$ 1,819,498	\$ 583,135
Equipment	1,453,473	1,150,492	302,981
Land improvements	225,686	80,226	145,460
	\$ 4,081,792	\$ 3,050,216	\$ 1,031,576

### 6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$3,302 (2016 - \$3,598) in government remittances payable.

### 7. Deferred Contributions

Deferred contributions consist of funds received from organizations and individuals to be used exclusively for the specialized assessment and treatment services of Centre clients as well as funding received for specific programs and other specified grants.

	2017	2016
Balance at beginning of year	\$ 67,390	\$ 30,270
Amounts received for specified programs and uses	105,176	105,084
Less funds spent or repaid	(74,611)	(67,964)
Balance at end of the year	\$ 97,955	\$ 67,390

The target specific grants and funds have varying dates of completion.

---

# Children's Treatment Centre of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2017

---

### 8. Deferred Capital Contributions

Deferred capital contribution related to capital assets represents the unamortized portion of grants and donations received for the purchase of capital assets.

	<u>2017</u>	<u>2016</u>
Balance at beginning of the year	\$ 262,264	\$ 46,011
Additional capital contributions	13,165	227,824
Less: Amounts amortized to revenue	(21,407)	(11,571)
Balance at end of the year	<u>\$ 254,022</u>	<u>\$ 262,264</u>

---

### 9. Internally Restricted Net Assets

The Board of Directors has internally restricted the General fund as follows:

	<u>2017</u>	<u>2016</u>
Employee Donations - Jeans Day	\$ 10,828	\$ 10,425
Fitness Fun Campaign	69,101	101,980
	<u>\$ 79,929</u>	<u>\$ 112,405</u>

These internally restricted amounts are not available for unrestricted purposes without approval of the board of directors.

---

### 10. Financial Instrument Risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Credit risk

Credit risk is the risk that the counterparty to a transaction will not pay. The majority of the Centre's receivables are from government sources and the organization works to ensure they meet all eligibility criteria in order to qualify to receive the funding.

(continued)

---

---

# Children's Treatment Centre of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2017

---

### 10. Financial Instrument Risk (continued)

#### Liquidity risk

Liquidity risk is the risk that the company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable.

There have been no changes to the organization's financial instrument risk exposure from the prior year.

---