

**Children's Treatment Centre of
Chatham-Kent
Financial Statements
For the Year Ended March 31, 2024**

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Financial Statements
For the Year Ended March 31, 2024

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Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of Children's Treatment Centre of Chatham-Kent ("the Centre"), which comprise the statement of financial position as at March 31, 2024, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2024, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 Centre 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.

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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 Centre'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 events or conditions that may cast significant doubt on the Centre'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 Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

BDO Canada LLP

Chatham, Ontario
June 12, 2024

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

March 31,	General Fund	Capital Asset Fund	2024 Total	2023 Total
Assets				
Current				
Cash and bank	\$ 1,850,170	\$ -	\$ 1,850,170	\$ 1,131,597
Investments (note 5)	203,999	-	203,999	244,241
Accounts receivable	322,374	3,080,300	3,402,674	403,688
Due from Foundation (note 6)	59,048	-	59,048	118,216
Prepaid expenses	140,431	-	140,431	78,385
Deposit (note 7)	-	650,000	650,000	650,000
Interfund balance (note 8)	(7,273)	7,273	-	-
	2,568,749	3,737,573	6,306,322	2,626,127
Long-term investments (note 5)	500,000	-	500,000	443,000
Capital assets (note 9)	-	4,360,152	4,360,152	2,867,496
	\$ 3,068,749	\$ 8,097,725	\$11,166,474	\$ 5,936,623
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities (note 10)	\$ 1,626,676	\$ -	\$ 1,626,676	\$ 1,369,938
Deferred contributions (note 11)	76,347	-	76,347	66,206
	1,703,023	-	1,703,023	1,436,144
Deferred capital contributions (note 12)	-	6,992,538	6,992,538	2,042,771
	1,703,023	6,992,538	8,695,561	3,478,915
Fund Balances				
Invested in capital assets	-	1,105,187	1,105,187	1,181,167
Internally restricted (note 13)	77,593	-	77,593	75,059
Unrestricted	1,288,133	-	1,288,133	1,201,482
	1,365,726	1,105,187	2,470,913	2,457,708
	\$ 3,068,749	\$ 8,097,725	\$11,166,474	\$ 5,936,623

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

Children's Treatment Centre of Chatham-Kent Statement of Changes in Net Assets

For the year ended March 31,	Internally restricted	Unrestricted	Invested in Capital Assets	2024 Total	2023 Total
Balance, beginning of the year	\$ 75,059	\$ 1,201,482	\$ 1,181,167	\$2,457,708	\$ 2,491,376
Excess (deficiency) of revenue over expenses	2,534	86,651	(75,980)	13,205	(33,668)
Investment in capital assets	-	-	1,649,492	1,649,492	379,097
Deferred capital contributions (note 12)	-	-	(5,030,622)	(5,030,622)	(1,429,097)
Funds received and receivable	-	-	3,381,130	3,381,130	1,050,000
Balance, end of the year	\$ 77,593	\$ 1,288,133	\$ 1,105,187	\$ 2,470,913	\$ 2,457,708

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

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

For the year ended March 31,	General Fund	Capital Asset Fund	2024 Total	2023 Total
Revenue				
Core program funding (note 4)	\$ 3,701,319	\$ -	\$ 3,701,319	\$ 3,465,434
School Based Rehab	1,595,612	-	1,595,612	1,489,198
Ontario Autism program	1,412,751	-	1,412,751	1,357,480
Early Words	550,334	-	550,334	526,533
Other revenue	512,071	-	512,071	442,999
Special needs funding	338,000	-	338,000	329,106
Special needs funding (Municipal)	141,000	-	141,000	142,250
Amortization of deferrals	-	80,855	80,855	71,225
Respite programs	69,490	-	69,490	58,231
Skills Development program	57,496	-	57,496	47,879
Investment income	20,400	-	20,400	15,553
	8,398,473	80,855	8,479,328	7,945,888
Expenses				
Salaries and benefits	6,001,354	-	6,001,354	5,427,493
Operations	1,936,497	-	1,936,497	2,020,805
Other expenses	371,437	-	371,437	375,346
Amortization	-	156,835	156,835	155,912
	8,309,288	156,835	8,466,123	7,979,556
Excess (deficiency) of revenues over expenses	\$ 89,185	\$ (75,980)	\$ 13,205	\$ (33,668)

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

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

For the year ended March 31,	2024	2023
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 13,205	\$ (33,668)
Items not affecting cash:		
Amortization of capital assets	156,835	155,912
Amortization of deferred capital contributions	(80,855)	(71,225)
	<u>89,185</u>	<u>51,019</u>
Changes in non-cash working capital:		
Accounts receivable	(2,939,818)	(249,534)
Prepaid expenses	(62,046)	47,439
Accounts payable and accrued liabilities	256,737	376,274
Deferred contributions	10,141	349,571
Deposits	-	(400,000)
	<u>(2,645,801)</u>	<u>174,769</u>
Cash flows from investing activities		
Purchase of capital assets	(1,649,491)	(1,029,097)
Purchase of investments - net	(16,758)	(12,025)
	<u>(1,666,249)</u>	<u>(1,041,122)</u>
Cash flows from financing activities		
Deferred capital contributions	<u>5,030,623</u>	<u>1,029,097</u>
Net increase in cash	718,573	162,744
Cash, beginning of the year	<u>1,131,597</u>	<u>968,853</u>
Cash, end of the year	<u>\$ 1,850,170</u>	<u>\$ 1,131,597</u>

Children's Treatment Centre of Chatham-Kent

Notes to Financial Statements

March 31, 2024

1 .Significant Accounting Policies

Nature and Purpose of Organization	Children's Treatment Centre of Chatham-Kent ("the Centre") 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 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.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Fund Accounting	The Centre follows the deferral method of accounting for contributions and uses fund accounting. Revenues and expenses related to program delivery and administrative activities are reported in the General Fund. The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Centre's capital assets and building expansion campaign.
Revenue Recognition	The Centre follows the deferral method of accounting for contributions which includes donations and government grants. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted net investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted net investment income is recognized as revenue when earned.
Deferred Capital Contributions	Deferred capital contributions consist of funds received for the purchase of capital assets. The funds are to be amortized over the same life as the tangible capital assets which they financed.

Children's Treatment Centre of Chatham-Kent

Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

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 Capital Asset Fund.

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.

Contributed Services

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

Uses 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

March 31, 2024

2. Comparative Amounts

Certain prior year's amounts have been reclassified to conform with the current year presentation and classifications.

3. 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, Community and Social Services. These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ended March 31, 2024.

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

4. Other Revenue

Included in Core program funding are internal transfers of \$516,294 (2023 - \$515,696) to cover general administrative costs for non-core programs. These general administrative costs are initially funded through the core program but allocated to other non-core programs based on staffing or other usage. The allocations are included in operations and other expenses for the non-core programs.

5. Investments

Investments in the General Fund are comprised of the following:

	2024	2023
Cash account	\$ -	\$ 5,241
Guaranteed investment certificates and other fixed income investments, average yield of 3.67%, maturing between April 2024 and February 2027	703,999	682,000
	703,999	687,241
Less investments maturing in one year	203,999	244,241
	<u>\$ 500,000</u>	<u>\$ 443,000</u>

Children's Treatment Centre of Chatham-Kent Notes to Financial Statements

March 31, 2024

6. 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, 2023 the Centre has a receivable of \$59,048 (2022- \$118,216) from the Children's Treatment Centre Foundation of Chatham-Kent. There are no fixed repayment terms or security.

7. Deposit

In fiscal year 2020, the Centre transferred funds to Children's Treatment Centre Foundation of Chatham-Kent to facilitate the purchase of land for the construction of a new location. In the 2022 fiscal year, the land for the new location was transferred from the Foundation to the Centre. The funds that were originally transferred (\$250,000) from the Centre to the Foundation in 2020 continue to be held by the Foundation to help facilitate the construction of a new building at the new location. In fiscal year 2023, an additional \$400,000 was transferred to the Foundation to be used for construction of the new building. In the event that the building construction does not proceed, this deposit is to be returned to the Centre.

8. Interfund Balance

This interfund amount represents amounts owing to the general fund by the building and equipment fund for capital assets paid for by the general fund. The balance is expected to be settled when funds received in the building and equipment fund through fundraising or grants are available to transfer to the general fund.

Children's Treatment Centre of Chatham-Kent Notes to Financial Statements

March 31, 2024

9. Capital Assets

	Cost	Accumulated Amortization	2024 Net Book Value
Building	\$ 2,844,479	\$ 2,341,113	\$ 503,366
Equipment	1,833,960	1,618,668	215,292
Land improvements	225,686	224,665	1,021
New Centre work in progress	2,514,365	-	2,514,365
Land - new Centre	1,126,108	-	1,126,108
	\$ 8,544,598	\$ 4,184,446	\$ 4,360,152

	Cost	Accumulated Amortization	2023 Net Book Value
Building	\$ 2,835,870	\$ 2,271,407	\$ 564,463
Equipment	1,792,247	1,549,594	242,653
Land improvements	225,686	206,610	19,076
New Centre work in progress	915,196	-	915,196
Land - new Centre	1,126,108	-	1,126,108
	\$ 6,895,107	\$ 4,027,611	\$ 2,867,496

The land was purchased by funds provided by the Ontario Ministry of Children, Community and Social Services and is to be used for a new Centre location. A restriction on the land title requires written consent of the Ministry for a transfer or charge of the land.

New Centre work in progress consists of costs to date related to initial plans for a new Centre location. The total cost of the new Centre has not yet been determined. Funding is expected to be from the Ontario Ministry of Children, Community and Social Services, grants and a loan from the Municipality of Chatham-Kent and from donations.

10. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$145,498 (2023 - \$142,144) in government remittances payable.

Children's Treatment Centre of Chatham-Kent Notes to Financial Statements

March 31, 2024

11. 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.

	2024	2023
Balance at beginning of year	\$ 66,206	\$ 116,635
Funds transferred to deferred capital contributions	-	(400,000)
Amounts received for specified programs and uses	22,579	365,370
Less funds spent or repaid	(12,438)	(15,799)
Balance at end of the year	<u>\$ 76,347</u>	<u>\$ 66,206</u>

The outstanding specified programs and services related to the above contributions have varying dates of completion.

12. 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.

	2024	2023
Balance at beginning of the year	\$ 2,042,771	\$ 684,899
Additional capital contributions	5,030,622	1,029,097
Plus: Transfers from deferred contributions	-	400,000
Less: Amounts amortized to revenue	(80,855)	(71,225)
Balance at end of the year	<u>\$ 6,992,538</u>	<u>\$ 2,042,771</u>

In 2022, the Centre received funding from the Province of Ontario in the amount of \$1,126,108 to cover the cost of purchasing the land where a new Treatment Centre location is planned to be constructed. In the event that construction at the new location does not take place and the land is sold, the original amount provided by the Province of Ontario is to be returned. This contribution has been recorded as a direct increase in net assets.

Children's Treatment Centre of Chatham-Kent Notes to Financial Statements

March 31, 2024

13. Internally Restricted Net Assets

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

	2024	2023
Employee Donations - Jeans Day	\$ 11,656	\$ 9,122
Fitness Fun Campaign	65,937	65,937
	<u>\$ 77,593</u>	<u>\$ 75,059</u>

These internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors.

14. Financial Instruments

The following analysis provides information about the Centre's risk exposure and concentration on financial instruments. There have been no significant changes in the nature or concentration of these risk exposures from the prior year.

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.

Liquidity risk

Liquidity risk is the risk that the Centre encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Centre 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.
