

# Children's Treatment Centre Foundation of Chatham-Kent

## Financial Statements

For the year ended March 31, 2021

### Contents

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<b>Independent Auditor's Report</b>	1 - 3
<b>Financial Statements</b>	
Statement of Operations	4
Statement of Financial Position	5 - 6
Statement of Changes in Fund Balances	7
Statement of Cash Flows	8
Notes to Financial Statements	9
<b>Unaudited Supplementary Information</b>	
Schedule of General Fund Expenses	16



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

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

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## Independent Auditor's Report

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

### **Qualified Opinion**

We have audited the financial statements of Children's Treatment Centre Foundation of Chatham-Kent (the Foundation), which comprise the statement of financial position as at March 31, 2021, the statements of operations and changes in fund balances 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* the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021, 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 Foundation 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 Foundation. 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, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

**Other matter - Unaudited Information**

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 16 of the Foundation's Financial Statements.

Chartered Professional Accountants, Licensed Public Accountants

Chatham, Ontario  
June 17, 2021

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

Year Ended March 31,

2021

	General Fund	Investment Fund	Endowment Fund	Combined
<b>Revenue</b>				
Fundraising	\$ 336,907	\$ -	\$ -	\$ 336,907
Donations	208,126	50,000	-	258,126
Investment income	1,537	24,299	2,366	28,202
Wage subsidy (Note 2)	66,836	-	-	66,836
Unrealized gains (losses)	1,987	31,889	3,104	36,980
	<u>615,393</u>	<u>106,188</u>	<u>5,470</u>	<u>727,051</u>
<b>Expenses (page 16)</b>	<u>684,693</u>	-	-	<u>684,693</u>
<b>Excess of Revenues over Expenses (Expenses over Revenue)</b>	<u>\$ (69,300)</u>	<u>\$ 106,188</u>	<u>\$ 5,470</u>	<u>\$ 42,358</u>

Year Ended March 31,

2020

	General Fund	Investment Fund	Endowment Fund	Combined
<b>Revenue</b>				
Fundraising	\$ 729,434	\$ -	\$ -	\$ 729,434
Donations	351,432	-	-	351,432
Investment income	6,606	41,392	4,413	52,411
Government grants	75,004	-	-	75,004
Unrealized gains (losses)	(4,155)	(26,663)	(2,843)	(33,661)
	<u>1,158,321</u>	<u>14,729</u>	<u>1,570</u>	<u>1,174,620</u>
<b>Expenses (page 16)</b>	<u>1,080,807</u>	-	-	<u>1,080,807</u>
<b>Excess of Revenues over Expenses</b>	<u>\$ 77,514</u>	<u>\$ 14,729</u>	<u>\$ 1,570</u>	<u>\$ 93,813</u>

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

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

Year Ended March 31,

2021

	General Fund	Investment Fund	Endowment Fund	Combined
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 66,668	\$ 2,598	\$ -	\$ 69,266
Investments (note 3)	55,447	209,553	-	265,000
Accounts receivable	25,636	-	-	25,636
Interest receivable	2,201	11,664	813	14,678
Prepaid expenses	25,503	-	-	25,503
Due from the General Fund	-	52,201	-	52,201
Due from the Endowment Fund	-	813	-	813
	<u>175,455</u>	<u>276,829</u>	<u>813</u>	<u>453,097</u>
<b>Long-Term</b>				
Investments (note 3)	-	618,163	81,174	699,337
Land (note 4)	<u>1,025,316</u>	<u>-</u>	<u>-</u>	<u>1,025,316</u>
	<u>\$ 1,200,771</u>	<u>\$ 894,992</u>	<u>\$ 81,987</u>	<u>\$ 2,177,750</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 73,406	\$ -	\$ -	\$ 73,406
Due to Children's Treatment Centre of Chatham-Kent (note 5)	1,490	-	-	1,490
Deferred revenue (note 6)	10,000	-	-	10,000
Obligation related to land (note 4)	250,000	-	-	250,000
Due to the Investment Fund	52,201	-	813	53,014
	<u>387,097</u>	<u>-</u>	<u>813</u>	<u>387,910</u>
<b>Fund Balances</b>				
Internally restricted (page 7)	785,566	894,992	-	1,680,558
Externally restricted (page 7)	-	-	81,174	81,174
Unrestricted (page 7)	28,108	-	-	28,108
	<u>813,674</u>	<u>894,992</u>	<u>81,174</u>	<u>1,789,840</u>
	<u>\$ 1,200,771</u>	<u>\$ 894,992</u>	<u>\$ 81,987</u>	<u>\$ 2,177,750</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director \_\_\_\_\_, Director

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

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

Year Ended March 31,

2020

	General Fund	Investment Fund	Endowment Fund	Combined
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 52,633	\$ 2,683	\$ -	\$ 55,316
Investments (note 3)	120,947	249,053	-	370,000
Accounts receivable	130,757	-	-	130,757
Interest receivable	2,989	19,179	2,045	24,213
Prepaid expenses	70,263	-	-	70,263
Due from the General Fund	-	2,989	-	2,989
Due from the Endowment Fund	-	2,045	-	2,045
	377,589	275,949	2,045	655,583
<b>Long-Term</b>				
Investments (note 3)	-	507,385	81,174	588,559
Property, building and equipment	1,025,316	-	-	1,025,316
	\$ 1,402,905	\$ 783,334	\$ 83,219	\$ 2,269,458
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 37,393	\$ -	\$ -	\$ 37,393
Due to Children's Treatment Centre of Chatham-Kent (note 5)	7,324	-	-	7,324
Deferred revenue (note 6)	222,225			222,225
Obligation related to land (note 4)	250,000			250,000
Due to the Investment Fund	2,989	-	2,045	5,034
	519,931	-	2,045	521,976
<b>Fund Balances</b>				
Internally restricted (page 7)	785,566	783,334	-	1,568,900
Externally restricted (page 7)	-	-	81,174	81,174
Unrestricted (page 7)	97,408	-	-	97,408
	882,974	783,334	81,174	1,747,482
	\$ 1,402,905	\$ 783,334	\$ 83,219	\$ 2,269,458

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

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

For the year ended March 31, 2021

	Investment Fund	Endowment Fund	General Fund			Combined
			Internally Restricted	Unrestricted	Total	
Balance, beginning of year	\$ 783,334	\$ 81,174	\$ 785,566	\$ 97,408	\$ 882,974	\$ 1,747,482
Excess of Revenues over Expenses	106,188	5,470	-	(69,300)	(69,300)	42,358
Transfer from Endowment Fund to Investment Fund	5,470	(5,470)	-	-	-	-
	\$ 894,992	\$ 81,174	\$ 785,566	\$ 28,108	\$ 813,674	\$ 1,789,840

For the year ended March 31, 2020

	Investment Fund	Endowment Fund	General Fund			Combined
			Internally Restricted	Unrestricted	Total	
Balance, beginning of year	\$ 1,392,035	\$ 81,174	\$ 10,250	\$ 170,210	\$ 180,460	\$ 1,653,669
Excess of Revenues over Expenses	14,729	1,570	-	77,514	77,514	93,813
Investment in capital assets	-	-	775,316	(775,316)	-	-
Transfer from Endowment Fund to Investment Fund	1,570	(1,570)	-	-	-	-
Transfer to General Fund from Investment Fund	(625,000)	-	-	625,000	625,000	-
	\$ 783,334	\$ 81,174	\$ 785,566	\$ 97,408	\$ 882,974	\$ 1,747,482

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



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

Year Ended March 31,	2021	2020
<b>Cash derived from (applied to)</b>		
<b>Operations</b>		
Excess of revenue over expenses	\$ 42,358	\$ 93,813
Unrealized (gain) loss on investments	(36,980)	33,661
(Gain) loss on disposal of investments	31	(18,453)
(Increase) decrease in accounts receivable	105,121	(54,282)
Decrease in interest receivable	9,535	12,076
(Increase) decrease in prepaid expenses	44,760	42,599
Increase (decrease) in accounts payable and accrued liabilities	36,013	18,368
Increase (decrease) in deferred revenue	(212,225)	53,705
Net increase (decrease) in cash from operations	<u>(11,387)</u>	<u>181,487</u>
<b>Investment Activities</b>		
Purchase of investments	(437,696)	(751,522)
Proceeds on disposal of investments	468,867	1,233,909
Purchase of land	-	(1,025,316)
Funds received for land purchase	-	250,000
	<u>31,171</u>	<u>(292,929)</u>
<b>Financing Activities</b>		
(Decrease) increase in amounts due to Children's Treatment Centre of Chatham-Kent	(5,834)	(19,166)
<b>Change in Cash Position</b>	<b>13,950</b>	<b>(130,608)</b>
Cash position at beginning of year	<u>55,316</u>	<u>185,924</u>
Cash position at end of year	<u>\$ 69,266</u>	<u>\$ 55,316</u>

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

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# Children's Treatment Centre Foundation of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2021

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

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

The Children's Treatment Centre Foundation of Chatham-Kent ("the Foundation") is a non-profit organization incorporated without share capital under the Corporations Act of Ontario. The Foundation was established to raise community awareness and provide sustainable support for the Children's Treatment Centre of Chatham-Kent. The Foundation is dependent upon the commitment and contribution of community volunteers in all aspects of its operation, including the board of directors and its committees.

The Foundation 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) Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's day-to-day operations. This fund reports unrestricted resources and restricted operating grants on a deferral method.

The Endowment Fund accounts for amounts that have been restricted by the contributors for permanent investment. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund but is not to be retained as endowment.

The Investment Fund contains contributions intended for long-term and short-term investments that have been internally restricted to be used for support as and when determined by the Board of Directors. Investment income earned on resources of the Investment Fund is reported in the Investment Fund.

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# Children's Treatment Centre Foundation of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2021

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

(continued)

#### (d) Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate restricted fund. All other restricted contributions are recognized as revenue of the General Fund on a deferral basis.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably assured. Contributions for endowment are recognized as revenue in the endowment fund.

Fundraising revenues are recognized in the period that the fundraising event occurs and when collection can be reasonably assured.

Investment income is recognized as revenue when earned. Investment income earned on investments is recognized as revenue of the related fund.

#### (e) 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.

#### (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 about future events 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 reported period. Actual results could differ from these estimates.

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# Children's Treatment Centre Foundation of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2021

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

(continued)

(g) Contributed Material and Services

Volunteers contributed material, related services and a significant number of hours during the year to assist the Foundation in carrying out its activities. Contributed services are only recognized in the financial statements when the fair value of the contribution can be reasonably estimated.

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# Children's Treatment Centre Foundation of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2021

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### 2. Uncertainty due to COVID-19

The COVID-19 pandemic has caused significant impact in Canada and on the global economy. The board of directors are actively monitoring the ongoing effects on the Foundation's financial condition and operations.

During the year, due to the inability to hold in person events, some fundraising activities were moved to virtual platforms, while others were cancelled. General economic conditions impacted the overall ability of donors and sponsors to support the Foundation. As a result, the Foundation's revenues decreased in the year. Due to the reduced revenue, the Foundation qualified for and received \$66,836 of the Canada Emergency Wage Subsidy (CEWS).

As the impacts of COVID-19 continue there could be further impact on the Foundation and its donors and sponsors, and other third party business associates that could impact the timing and amounts realized on the Foundation's assets and future cash flows. At this time the full potential impact of COVID-19 is not known.

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### 3. Investments

Investments held by the Foundation are comprised of the following:

	2021	2020
<b>At amortized cost:</b>		
Money market fund	\$ 16,507	\$ -
GIC's, weighted average yield of 2.51% (2020 - 2.65%), maturing between August 2021 - December 2022 (2020 - August 2020 and December 2022)	493,000	863,000
<b>At fair value:</b>		
Equity investments	454,830	95,559
	964,337	958,559
Current portion	265,000	370,000
	<u>\$ 699,337</u>	<u>\$ 588,559</u>

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# Children's Treatment Centre Foundation of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2021

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#### 4. Land

In 2020 the Foundation purchased land in Chatham-Kent for \$1,025,316 for the purpose of constructing a new Children's Treatment Centre location. Per an agreement between the Children's Treatment Centre of Chatham-Kent and the Foundation dated September 27, 2019, it is intended that the land and future building will be transferred from the Foundation to the Children's Treatment Centre of Chatham-Kent upon completion of construction of the new building. During 2020, the Children's Treatment Centre of Chatham-Kent transferred funds of \$250,000 to the Foundation to help facilitate the purchase of the land. In the event that construction does not proceed, these funds are to be returned to the Children's Treatment Centre of Chatham-Kent as per the agreement.

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#### 5. Due to the Children's Treatment Centre of Chatham-Kent

During the current year the Children's Treatment Centre of Chatham-Kent paid for expenditures incurred by the Foundation. These transactions are in the normal course of operations and are measured at the carrying value. As at March 31, 2021, \$1,490 (2020 - \$7,324) is payable to the Children's Treatment Centre of Chatham-Kent for related expenditures made and revenue collected on the Foundation's behalf. There are no fixed repayment terms or security.

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#### 6. Deferred Revenue

The balance of \$10,000 (2020 - \$222,225) represents funds received from organizations and individuals to be used exclusively for specific purposes or amounts received that relate to specific fundraising events occurring subsequent to the year end. These amounts are recorded as a liability as they are unearned at year end.

The breakdown of deferred revenue is as follows:

	2021	2020
Externally Restricted Funds		
Festival of Giving	\$ 10,000	\$ 222,225

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# Children's Treatment Centre Foundation of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2021

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### 7. Interfund Transfers and Internally Restricted Net Assets

The general fund includes an internally restricted amount of \$10,250 (2020 - \$10,250) to be spent on designated individual needs, along with a net amount of \$737,058 (2020 - 737,058) related to the land investment as described in note 4.

The investment fund includes amounts internally restricted to be retained or used as determined by the Board of Directors.

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### 8. Contributions and Support

Contributions and support expenditures are made up of the following:

	2021	2020
The Children's Treatment Centre of Chatham-Kent	\$ 93,126	\$ 199,296
Festival of Giving partner charities	2,000	34,030
Other	18,678	11,124
	<u>\$ 113,804</u>	<u>\$ 244,450</u>

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### 9. Commitments

The Foundation has entered into operating leases for office space and equipment.

Future minimum lease payments under the operating leases are as follows:

2022	\$ 19,248
2023	6,648
2024	<u>1,020</u>
	<u>\$ 26,916</u>

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# Children's Treatment Centre Foundation of Chatham-Kent

## Notes to Financial Statements

Year Ended March 31, 2021

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### 10. Financial Instrument Risk

The following analysis provides information about the Foundation's risk exposure and concentration related to 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 Foundation is exposed to this risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

#### Liquidity risk

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

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is exposed to fluctuations in equity markets on its investments.

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**Children's Treatment Centre Foundation of Chatham-Kent  
Schedule of General Fund Expenses  
(Unaudited - See Independent Auditor's Report)**

Year Ended March 31,	2021	2020
<b>Expenses</b>		
Fundraising expenses	\$ 360,600	\$ 614,436
Contributions and support (note 7)	113,804	244,450
Salaries and benefits	97,714	116,870
Advertising	15,826	40,382
Office and other expenses	57,482	39,486
Professional fees	23,928	13,268
Memberships, dues and fees	11,727	8,819
Bank charges	3,612	3,096
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	\$ 684,693	\$ 1,080,807

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*Prepared solely for internal purposes without audit or review from information provided by management*