

Children's Treatment Centre
Foundation of Chatham-Kent
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 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, 2024, 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, 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 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, 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 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 15 of the Foundation's Financial Statements.

Chartered Professional Accountants, Licensed Public Accountants

Chatham, Ontario
June 11, 2024

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

Year Ended March 31, 2024

	General Fund	Investment Fund	Endowment Fund	Combined
Revenue				
Donations	\$ 1,373,529	\$ -	\$ -	\$ 1,373,529
Fundraising	629,213	-	-	629,213
Unrealized gains (losses)	43,320	75,169	2,297	120,786
Investment income	47,584	67,328	2,057	116,969
	<u>2,093,646</u>	<u>142,497</u>	<u>4,354</u>	<u>2,240,497</u>
Expenses (page 15)	<u>941,040</u>	<u>-</u>	<u>-</u>	<u>941,040</u>
Excess of Revenues over Expenses (Expenses over Revenue)	<u>\$ 1,152,606</u>	<u>\$ 142,497</u>	<u>\$ 4,354</u>	<u>\$ 1,299,457</u>

Year Ended March 31, 2023

	General Fund	Investment Fund	Endowment Fund	Combined
Revenue				
Donations	\$ 766,468	\$ -	\$ -	\$ 766,468
Fundraising	606,330	-	-	606,330
Investment income	35,726	31,486	1,889	69,101
Unrealized gains (losses)	(40,310)	(35,526)	(2,131)	(77,967)
	<u>1,368,214</u>	<u>(4,040)</u>	<u>(242)</u>	<u>1,363,932</u>
Expenses (page 15)	<u>801,074</u>	<u>-</u>	<u>-</u>	<u>801,074</u>
Excess of Revenues over Expenses	<u>\$ 567,140</u>	<u>\$ (4,040)</u>	<u>\$ (242)</u>	<u>\$ 562,858</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,

2023

	General Fund	Investment Fund	Endowment Fund	Combined
Assets				
Current				
Cash	\$ 64,591	\$ 563	\$ -	\$ 65,154
Investments (note 3)	1,214,818	-	-	1,214,818
Accounts receivable	81,063	-	-	81,063
Interest receivable	10,690	9,421	565	20,676
Prepaid expenses	51,958	-	-	51,958
Interfund balances	(60,692)	61,257	(565)	-
	1,362,428	71,241	-	1,433,669
Long-Term				
Investments (note 3)	316,125	1,357,317	81,174	1,754,616
	\$ 1,678,553	\$ 1,428,558	\$ 81,174	\$ 3,188,285
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 20,459	\$ -	\$ -	\$ 20,459
Due to Children's Treatment Centre of Chatham-Kent (note 5)	33,092	-	-	33,092
Deferred revenue (note 6)	41,056			41,056
Funding obligation (note 4)	650,000			650,000
	744,607	-	-	744,607
Fund Balances				
Internally restricted (page 7)	260,250	1,428,558	-	1,688,808
Externally restricted (page 7)	-	-	81,174	81,174
Unrestricted (page 7)	673,696	-	-	673,696
	933,946	1,428,558	81,174	2,443,678
	\$ 1,678,553	\$ 1,428,558	\$ 81,174	\$ 3,188,285

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, 2024

	Investment Fund	Endowment Fund	General Fund			Combined
			Internally Restricted	Unrestricted	Total	
Balance, beginning of year	\$ 1,428,558	\$ 81,174	\$ 260,250	\$ 673,696	\$ 933,946	\$ 2,443,678
Excess of Revenues over Expenses	142,497	4,354	-	1,152,606	1,152,606	1,299,457
Transfer from Endowment Fund to Investment Fund	4,354	(4,354)	-	-	-	-
Transfer to Investment Fund from General Fund	998,958	-	-	(998,958)	(998,958)	-
	\$ 2,574,367	\$ 81,174	\$ 260,250	\$ 827,344	\$ 1,087,594	\$ 3,743,135

For the year ended March 31, 2023

	Investment Fund	Endowment Fund	General Fund			Combined
			Internally Restricted	Unrestricted	Total	
Balance, beginning of year	\$ 1,432,840	\$ 81,174	\$ 260,250	\$ 106,556	\$ 366,806	\$ 1,880,820
Excess of Revenues over Expenses	(4,040)	(242)	-	567,140	567,140	562,858
Transfer from Endowment Fund to Investment Fund	(242)	242	-	-	-	-
	\$ 1,428,558	\$ 81,174	\$ 260,250	\$ 673,696	\$ 933,946	\$ 2,443,678

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,	2024	2023
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 1,299,457	\$ 562,858
Items not involving cash:		
Unrealized (gain) loss on investments	(120,786)	77,967
(Gain) loss on disposal of investments	14,255	4,601
	1,192,926	645,426
Changes in non-cash working capital balances:		
Accounts receivable	30,259	(54,798)
Interest receivable	(24,365)	(14,733)
Prepaid expenses	22,471	(32,791)
Accounts payable and accrued liabilities	9,506	6,844
Due to Children's Treatment Centre of Chatham-Kent	(31,602)	31,602
Deferred revenue	6,509	(18,944)
Funding obligation	-	400,000
Net increase in cash from operations	1,205,704	962,606
Investment activities		
Purchase of investments	(2,750,764)	(1,379,510)
Proceeds on disposal of investments	1,558,662	418,927
	(1,192,102)	(960,583)
Change in Cash Position	13,602	2,023
Cash position at beginning of year	65,154	63,131
Cash position at end of year	\$ 78,756	\$ 65,154

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

Children's Treatment Centre Foundation of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2024

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.

(continued)

Children's Treatment Centre Foundation of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2024

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.

(continued)

Children's Treatment Centre Foundation of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2024

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.

2. Comparative Figures

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

3. Investments

Investments held by the Foundation are comprised of the following:

	2024	2023
At amortized cost:		
Money market fund	\$ 69,941	\$ 14,818
GIC's, weighted average yield of 5.03% (2023 - 4.29%), maturing between June 2024 - September 2025 (2023 - August 2023 and September 2025)	2,920,000	1,535,000
At fair value:		
Equity investments	1,278,126	1,419,616
	4,268,067	2,969,434
Current portion	2,654,940	1,214,818
	<u>\$ 1,613,127</u>	<u>\$ 1,754,616</u>

Children's Treatment Centre Foundation of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2024

4. Funding Obligation

In 2020 the Foundation purchased land in Chatham-Kent for the purpose of constructing a new Children's Treatment Centre location. During 2022 the land was sold to the Children's Treatment Centre of Chatham-Kent (CTCCK). At the time of the initial purchase in 2020, CTCCK transferred funds of \$250,000 to the Foundation to help facilitate the purchase of the land. The \$250,000 remains in the Foundation to support its funding obligation for the construction of the new building. In 2023 an additional amount of \$400,000 received by CTCCK specifically for the new building project was transferred to the Foundation to be held and used as part of its funding obligation. The Foundation has pledged a commitment to the Ontario Ministry of Children, Community and Social Services to provide \$10,000,000 in funding towards the furniture, fixtures and equipment and an endowment to provide for ongoing operational costs.

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, 2024, \$1,490 (2023 - \$33,092) 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.

6. Deferred Revenue

The balance of \$47,565 (2023 - \$41,056) represents funds received from organizations and individuals 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:

	2024	2023
Externally Restricted Funds		
Gala for the Kids	\$ 47,565	\$ 41,056

Children's Treatment Centre Foundation of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2024

7. Interfund Transfers and Internally Restricted Net Assets

The general fund includes an internally restricted amount of \$10,250 (2023 - \$10,250) to be spent on designated individual needs, along with a net amount of \$650,000 (2023 - \$650,000) related to future building development as described in note 4.

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

8. Contributions and Support

Contributions and support expenditures are made up of the following:

	2024	2023
The Children's Treatment Centre of Chatham-Kent	\$ 84,371	\$ 52,600
Partner charities	-	2,500
Other	19,569	5,889
	<u>\$ 103,940</u>	<u>\$ 60,989</u>

9. Commitments

The Foundation has entered into an operating lease for office space, expiring July 2025, and an operating lease for a vehicle, expiring November 2027, with future minimum lease payments as follows:

2025	\$ 21,379
2026	21,172
2027	10,172
2028	8,476
	<u>\$ 61,199</u>

Children's Treatment Centre Foundation of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2024

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.

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

Year Ended March 31,	2024	2023
Expenses		
Fundraising expenses	\$ 563,941	\$ 490,707
Salaries and benefits	118,226	110,478
Contributions and support (note 8)	103,940	60,989
Office and other expenses	84,558	80,763
Advertising	25,197	29,782
Professional fees	17,355	16,995
Memberships, dues and fees	12,898	10,529
Vehicle expenses	12,026	-
Bank charges	2,899	831
	\$ 941,040	\$ 801,074

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