

MILTON COMMUNITY RESOURCE CENTRE
FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Members
Milton Community Resource Centre

Opinion

We have audited the financial statements of Milton Community Resource Centre which comprise the balance sheet as at December 31, 2022, and the statements of changes in net assets, revenue and expenditure, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

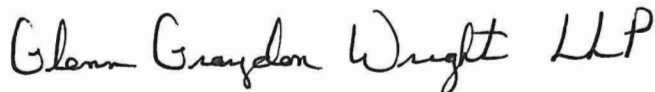
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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:

INDEPENDENT AUDITORS' REPORT, continued

- 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organization 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
Oakville, Ontario
June 14, 2023

MILTON COMMUNITY RESOURCE CENTRE

Balance sheet

As at December 31, 2022

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 3,142,806	1,492,005
Short-term investments	212,574	1,242,028
Accounts receivable (Note 4)	324,109	421,358
Prepaid expenses	81,546	102,703
	3,761,035	3,258,094
Capital assets (Note 5)	263,954	260,985
	\$ 4,024,989	3,519,079
Liabilities and operating reserve		
Current liabilities		
Accounts payable and accrued liabilities	\$ 907,009	301,850
Government remittances payable	81,492	74,280
Unutilized grants and advance billings (Note 6)	799,205	535,730
	1,787,706	911,860
Long-term liabilities		
Unutilized capital grants (Note 7)	172,208	130,448
	1,959,914	1,042,308
Net assets		
Operating reserve	2,065,075	2,476,771
	\$ 4,024,989	3,519,079

Contingent liability (Note 8)

Approved by the Board

Director

Director

MILTON COMMUNITY RESOURCE CENTRE**Statement of changes in net assets****For the year ended December 31, 2022**

	2022	2021
Operating reserve		
Balance, beginning of year	\$ 2,476,771	2,108,893
Operating (deficit) surplus reserve for year	(411,696)	367,878
Balance, end of year	\$ 2,065,075	2,476,771

MILTON COMMUNITY RESOURCE CENTRE**Statement of revenue and expenditure
For the year ended December 31, 2022**

	2022	2021
Revenue		
Grants and subsidy		
Grants	\$ 3,984,710	3,500,765
Subsidies	1,103,184	787,759
Special purpose grants (Note 9)	681,661	1,069,121
Subtotal	5,769,555	5,357,645
Add utilized capital grants	38,777	33,772
Total grants and subsidy	5,808,332	5,391,417
Programs (Note 10)	4,978,247	3,272,535
Community agency rental	41,488	23,482
Donations	1,062	1,243
Fund raising	56,785	6,095
Interest income	41,374	13,363
	10,927,288	8,708,135
Expenditure		
Advertising and promotion	872	1,944
Amortization	91,345	103,034
Bank charges	75,570	46,148
Dues	6,489	12,698
Education	9,497	18,781
Fund raising	22,380	5,822
Insurance	44,143	44,520
Maintenance	106,134	93,315
Office and miscellaneous	72,099	92,499
Private Home Child Care Provider fees	73,821	111,627
Professional fees	87,870	22,575
Program supplies	452,077	306,653
Property tax	58,846	61,623
Rent	867,333	822,926
Salaries and benefits	7,300,430	6,567,923
Shared administration (Note 11)	1,142,885	1,283,011
Special purpose grants (Note 9)	681,661	1,069,121
Telephone	30,600	30,531
Utilities	26,545	29,863
Workshops	289,496	82,225
	11,440,093	10,806,839
Operating deficit for year, before other	(512,805)	(2,098,704)
Other		
Government assistance	101,109	2,466,582
Operating (deficit) surplus reserve for year	\$ (411,696)	367,878

MILTON COMMUNITY RESOURCE CENTRE

Statement of cash flows

For the year ended December 31, 2022

	2022	2021
Cash flows from (used in) operating activities		
Operating (deficit) surplus reserve for year	\$ (411,696)	367,878
Adjustments for		
Amortization of capital assets	91,345	103,034
Amortization of unutilized capital grants	(38,777)	(33,772)
	(359,128)	437,140
Changes in non-cash working capital		
Decrease (increase) in short-term investments	1,029,454	(506,784)
Decrease in accounts receivable	97,249	140,144
Decrease (increase) in prepaid expenses	21,157	(13,113)
Increase in accounts payable and accrued liabilities	605,159	54,914
Increase in government remittances payable	7,212	9,871
Increase (decrease) in unutilized grants and advance billings	263,475	(158,911)
Cash flows from (used in) operating activities	1,664,578	(36,739)
Cash flows from (used in) investing activities		
Acquisition of capital assets	(94,314)	(14,417)
Cash flows used in investing activities	(94,314)	(14,417)
Cash flows from (used in) financing activities		
Increase in unutilized capital grants	80,537	7,169
Cash flows from financing activities	80,537	7,169
Net increase (decrease) in cash and cash equivalents during year	1,650,801	(43,987)
Cash and cash equivalents, beginning of year	1,492,005	1,535,992
Cash and cash equivalents, end of year	\$ 3,142,806	1,492,005

MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2022

1. Purpose of the operation

Milton Community Resource Centre (“MCRC”) is a non-profit, charitable agency serving children, their parents, caregivers as well as professionals who work in the field of Early Childhood Education.

MCRC offers a wide range of early learning and child care programs, parental support programs as well as professional development and resources which reflect the needs within Milton and the broader Halton community.

MCRC strives to meet the diverse cultural, social and economic demands of families and professionals by offering a wide range of child care and related services.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

MCRC uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for capital assets are recognized as revenue over the useful life of the asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2022

2. Significant accounting policies – continued

c) Cash and cash equivalents

Cash and cash equivalents are defined as cash net of bank overdrafts and highly liquid investments, consisting primarily of term deposits and investment savings, cashable on demand.

d) Short-term investments

The short-term investments are recorded at fair market value.

e) Capital assets

Capital assets are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. In the year of acquisition, capital assets are amortized at one-half of the normal rate. Methods and rates used are:

Furniture and equipment 20% diminishing balance basis	Playscape Straight-line basis over 5 years
Computer equipment 30% diminishing balance basis	Leasehold improvements Straight-line basis over the remaining term of the lease

f) Allocation of expenses

MCRC engages in central administration costs and program support. The costs of program support include expenditures that are directly related to providing the program. The costs of each program also include the costs of personnel and other central administration expenses that are common to the administration of MCRC and each of the programs.

MCRC allocates certain central administration expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. Central administration expenses are allocated to shared administration on the following basis:

i) Salaries and benefits

- first allocated to programs where funding is fixed and limited to the respective funding agreement with the balance allocated proportionately on a percentage basis of revenues.

ii) Other expenses

- shared evenly over classes of revenue.

MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2022

2. Significant accounting policies – continued

g) Revenue recognition

Grants, subsidies, restricted donations and program revenues are deferred and recognized as revenue in the financial period in which the related expenses are incurred. Unrestricted donations and fundraising are recognized as revenue when received. Grants and subsidies received for capital expenditures are deferred and recognized as revenue over the useful life of the asset acquired.

h) Unutilized grants and advance billings

Unutilized grants consist of grants received for program expenses incurred after December 31, 2022, and any excess amounts being returned. Advance billings consist of funds collected for program expenses incurred after December 31, 2022.

i) Government assistance

Government assistance for salaries and property expenses received as a result of the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy programs are recorded to be consistent with government guidelines when the organization has qualified. This government assistance is recorded as other income for financial statement purposes.

j) Volunteer time

The value of volunteer time is not reflected in these financial statements since no objective basis is available to measure the value of such services. However, a substantial number of volunteers donated significant amounts of their time to MCRC's activities.

3. Financial instruments

a) Fair value

MCRC initially measures its financial assets and liabilities at fair value. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2022

3. Financial instruments – continued

b) 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 underlying market factors. MCRC is exposed to interest rate risk and credit risk.

i) 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.

MCRC's short-term investments earn interest at fixed rates. Consequently, the cash flow risks are not significant. However, there is a risk of fair value on this part of the asset.

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

MCRC is subject to credit risk. To mitigate this, MCRC actively manages and monitors its receivables. Bad debt experience has not been significant.

c) Liquidity risk

Liquidity risk is the risk that MCRC cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, MCRC is not subject to significant liquidity risk. MCRC manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.

4. Accounts receivable

	2022	2021
Accounts receivable	\$ 166,336	127,440
HST receivable	89,254	67,373
Halton Region CWELCC funding	59,665	-
Halton Region EYON funding	8,854	-
Halton Region COVID support funding	-	139,805
Canada Emergency Wage Subsidy	-	86,740
	<u>\$ 324,109</u>	<u>421,358</u>

MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2022

5. Capital assets

		2022		2021
	Cost	Accumulated amortization	Net	Net
Furniture and equipment	\$ 323,218	181,630	141,588	102,960
Computer equipment	125,655	106,338	19,317	23,362
Playscape	251,307	175,915	75,392	125,654
Leasehold improvements	229,701	202,044	27,657	9,009
	<u>\$ 929,881</u>	<u>665,927</u>	<u>263,954</u>	<u>260,985</u>

Amortization recorded during the year amounted to \$91,345 (2021 - \$103,034).

During the year, capital assets were acquired for cash at an aggregate cost of \$94,314 (2021 - \$14,417).

6. Unutilized grants and advanced billings

Unutilized grants and advanced billings are comprised of funding received in advance primarily related to The Regional Municipality of Halton's funding and advanced billings.

Changes in the unutilized grants and advanced billings are as follows:

	2022	2021
Balance, beginning of year	\$ 535,730	694,641
Amount received in the year	6,066,625	5,225,650
Revenue recognized in the year	<u>(5,808,332)</u>	<u>(5,391,417)</u>
Balance, before advanced billings	794,024	528,874
Advanced billings	<u>5,181</u>	<u>6,856</u>
Balance, end of year	<u>\$ 799,205</u>	<u>535,730</u>

MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2022

7. Unutilized capital grants

Unutilized capital grants represent the unamortized amount of grants received for the purchase of capital assets. The amortization of unutilized capital grants is recorded as revenue in the statement of revenue and expenditure.

Changes in the unutilized capital grants are as follows:

	2022	2021
Balance, beginning of year	\$ 130,448	157,051
Amount received in the year	80,537	7,169
Revenue recognized in the year	<u>(38,777)</u>	<u>(33,772)</u>
Balance, end of year	\$ <u>172,208</u>	<u>130,448</u>

The above unutilized capital grants are comprised of the following:

	2022	2021		
	Cost	Accumulated amortization	Net	Net
Furniture and equipment	\$ 141,849	51,253	90,596	48,079
Computer equipment	33,410	23,106	10,304	14,720
Playscape	157,718	106,981	50,737	67,649
Leasehold improvements	61,475	40,904	20,571	-
	<u>\$ 394,452</u>	<u>222,244</u>	<u>172,208</u>	<u>130,448</u>

8. Contingent liability

Management is aware of possible claims against MCRC with respect to incidents that were discovered during a previous fiscal year. Management considers the probability of the realization of possible claims likely, however, the outcome cannot be reasonably determined at this time. Accordingly, no provision for loss has been reflected in the accounts of MCRC as management expects any loss related to possible claims to be covered by insurance.

MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2022

9. Special purpose grants

Special purpose grants are made up of the following:

	2022	2021
Revenue		
Special purpose grants	\$ 681,661	1,069,121
Expenditure		
Maintenance	9,889	-
Office and miscellaneous	38,000	-
Personal protective equipment to community	-	1,001,080
Program supplies	55,148	50,353
Rebates to parents	578,624	17,688
	<u>681,661</u>	<u>1,069,121</u>
Operating surplus for year	\$ -	-

10. Programs

Programs are comprised of revenue received in regard to attending a child care program or other programs at one of eleven locations operated by MCRC.

	2022	2021
Infant, toddler and preschool	\$ 2,611,359	1,858,269
Before and after school	2,271,210	1,378,571
Family fun programs	72,340	20,061
Library revenue	23,338	15,634
	<u>\$ 4,978,247</u>	<u>3,272,535</u>

11. Allocation of expenses

An allocation of central administration costs has been made to shared administration as follows:

	2022	2021
Advertising and promotion	\$ 1,528	-
Education	5,667	2,035
Maintenance	18,024	16,306
Office and miscellaneous	163,406	137,433
Salaries and benefits	926,426	1,096,110
Telephone	27,834	31,127
	<u>\$ 1,142,885</u>	<u>1,283,011</u>

MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2022

12. Operating lease commitments

Future minimum rental payments required under operating leases that have initial terms in excess of one year are:

2023	\$	517,857
2024		520,250
2025		<u>62,498</u>
	\$	<u>1,100,605</u>

13. Income taxes

MCRC is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

14. Economic dependence

MCRC is dependent on funding from The Regional Municipality of Halton in order to carry out its operations.