

MILTON COMMUNITY RESOURCE CENTRE
FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 2016

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GLENN • GRAYDON • WRIGHT LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members
Milton Community Resource Centre

We have audited the accompanying financial statements of Milton Community Resource Centre which comprise the balance sheet as at December 31, 2016, and the statements of changes in net assets, revenue and expenditure and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Milton Community Resource Centre as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Glenn Graydon Wright LLP

Chartered Accountants
Licensed Public Accountants
Oakville, Ontario
May 8, 2017

MILTON COMMUNITY RESOURCE CENTRE

Balance sheet

As at December 31, 2016

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 1,992,343	1,814,917
Accounts receivable	176,455	158,369
Prepaid expenses	40,268	36,268
	2,209,066	2,009,554
Capital assets (Note 4)	205,151	241,039
	\$ 2,414,217	2,250,593
Liabilities and operating reserve		
Current liabilities		
Accounts payable and accrued liabilities	\$ 179,665	140,535
Government remittances payable	178,083	137,107
Unutilized grants and advance billings (Note 5)	620,630	634,300
	978,378	911,942
Long-term liabilities		
Unutilized capital grants (Note 6)	17,785	31,766
	996,163	943,708
Net assets		
Operating reserve	1,272,438	1,218,207
Capital reserve	145,616	88,678
	1,418,054	1,306,885
	\$ 2,414,217	2,250,593

Contingent liability (Note 15)

Approved by the Board

Director

Director



MILTON COMMUNITY RESOURCE CENTRE

Statement of changes in net assets

For the year ended December 31, 2016

	2016	2015
Operating reserve		
Balance, beginning of year	\$ 1,218,207	1,123,356
Operating reserve for year	111,169	64,160
Transfer from capital reserve	88,678	112,184
Transfer to capital reserve	(145,616)	(81,493)
Balance, end of year	\$ 1,272,438	1,218,207

	2016	2015
Capital reserve		
Balance, beginning of year	\$ 88,678	119,369
Transfer to operating reserve	(88,678)	(112,184)
Transfer from operating reserve	145,616	81,493
Balance, end of year	\$ 145,616	88,678



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure - combined

For the year ended December 31, 2016

	2016	2015
Revenue		
Grants and subsidy		
Ministry of Children and Youth Services	\$ 72,641	24,142
Ministry of Education	663,447	663,447
Ontario Trillium Foundation	137,770	
The Regional Municipality of Halton	2,546,798	2,240,029
Summer Career Placement	13,197	2,978
United Way of Milton	20,700	19,650
Special purpose grants	279,734	122,600
Subtotal	3,734,287	3,072,846
Less unutilized capital grants		4,318
Add utilized capital grants	13,981	14,001
Total Grants and Subsidy	3,748,268	3,082,529
Programs		
Early learning and care	4,262,093	3,985,389
Family Resource program	82,387	85,767
Halton Resource Connection	78,925	70,020
Nursery School programs	178,533	182,021
Private Home Child Care program	231,323	230,497
Quality First	26,175	25,390
Rental income	66,281	45,131
Total Programs	4,925,717	4,624,215
Fund raising	29,679	51,655
Donations	1,234	2,930
	8,704,898	7,761,329
Expenditure		
Advertising and promotion	10,032	14,445
Amortization	66,684	64,066
Dues	15,229	6,323
Education	29,746	19,938
Fund raising	6,402	14,659
Insurance	22,435	17,258
Links 2 Care	180,000	180,000
Maintenance	54,972	44,487
Oakville Parent Child Centre	54,791	
Office and miscellaneous	200,634	172,422
Private Home Child Care Provider fees	240,453	209,884
Professional fees	26,524	14,985
Program supplies	426,549	399,478
Property tax	60,281	57,310
Rent	727,905	699,786
Salaries and benefits	5,257,963	4,809,746
Shared administration (Note 7)	836,981	763,031
Special purpose grants	279,734	122,600
Telephone	42,373	38,075
Utilities	31,644	29,365
Workshops	22,395	19,311
	8,593,729	7,697,169
Operating reserve for year	\$ 111,169	64,160



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – grants and subsidy, programs and fund raising
For the year ended December 31, 2016

	2016	2015
Revenue		
Grants and subsidy		
Ontario Trillium Foundation	\$ 137,770	
The Regional Municipality of Halton	2,546,798	2,240,029
Summer Career Placement	13,197	2,978
United Way of Milton	20,700	19,650
Special purpose grants	279,734	122,600
Subtotal	2,998,199	2,385,257
Less unutilized capital grants		4,318
Add utilized capital grants	13,981	14,001
Total Grants and Subsidy	3,012,180	2,394,940
Programs		
Early learning and care	4,262,093	3,985,389
Family Resource program	82,387	85,767
Halton Resource Connection	78,925	70,020
Nursery School programs	178,533	182,021
Private Home Child Care program	231,323	230,497
Quality First	26,175	25,390
Rental income	66,281	45,131
Total Programs	4,925,717	4,624,215
Fund raising	29,679	51,655
Donations	1,234	2,930
	7,968,810	7,073,740
Expenditure		
Advertising and promotion	9,827	13,344
Amortization	66,684	64,066
Dues	13,561	5,761
Education	28,265	16,510
Fund raising	6,382	14,659
Insurance	19,097	14,396
Maintenance	53,309	43,217
Oakville Parent-Child Centre	54,792	
Office and miscellaneous	194,960	166,849
Private Home Child Care Provider fees	240,453	209,884
Professional fees	23,950	12,353
Program supplies	416,101	394,319
Property tax	40,439	38,503
Rent	590,988	565,575
Salaries and benefits	4,936,325	4,498,914
Shared administration (Note 7)	732,303	668,718
Special purpose grants	279,734	122,600
Telephone	42,373	38,075
Utilities	22,618	20,501
Workshops	22,395	19,311
	7,794,556	6,927,555
Operating reserve for year	\$ 174,254	146,185



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – Ministry of Children and Youth Services

For the year ended December 31, 2016

	2016	2015
Revenue		
Grants and subsidy		
Ministry of Children and Youth Services	\$ 72,641	24,142
Special purpose grants		
	72,641	24,142
Expenditure		
Advertising and promotion	83	680
Education	425	295
Insurance	20	20
Office and miscellaneous	2,677	555
Program supplies	8,258	2,400
Rent	3,047	1,500
Salaries and benefits	53,530	9,293
Shared administration (Note 7)	5,750	3,900
Utilities	50	50
	73,840	18,693
Operating (deficit) reserve for year	\$ (1,199)	5,449



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – Early Years – Ministry of Education
For the year ended December 31, 2016

	2016	2015
Revenue		
Grants and subsidy		
Ministry of Education	\$ 663,447	663,447
Expenditure		
Advertising and promotion	122	421
Dues	1,668	562
Education	1,056	3,133
Insurance	3,338	2,842
Links 2 Care	180,000	180,000
Maintenance	1,662	1,270
Office and miscellaneous	2,997	5,018
Professional fees	2,574	2,632
Program supplies	2,190	2,759
Property tax	19,842	18,807
Rent	133,870	132,711
Salaries and benefits	268,110	301,539
Shared administration (Note 7)	98,928	90,413
Utilities	8,976	8,814
	725,333	750,921
Operating deficit for year	\$ (61,886)	(87,474)



MILTON COMMUNITY RESOURCE CENTRE

Statement of cash flows

For the year ended December 31, 2016

	2016	2015
Cash flows from (used in) operating activities		
Net operating reserve for year	\$ 111,169	64,160
Adjustment for		
Amortization of capital assets	66,684	64,066
	177,853	128,226
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(18,086)	128,113
Increase in prepaid expenses	(4,000)	(7,076)
Increase (decrease) in accounts payable and accrued liabilities	39,130	(29,325)
Increase in government remittances payable	40,976	70,117
(Decrease) increase in unutilized grants and advance billings	(13,670)	460,662
Cash flows from operating activities	222,203	750,717
Cash flows from (used in) investing activities		
Acquisition of capital assets	(30,796)	(71,418)
Cash flows used in investing activities	(30,796)	(71,418)
Cash flows from (used in) financing activities		
Decrease in unutilized capital grants	(13,981)	(9,683)
Cash flows used in financing activities	(13,981)	(9,683)
Net increase in cash during year	177,426	669,616
Cash and cash equivalents, beginning of year	1,814,917	1,145,301
Cash and cash equivalents, end of year	\$ 1,992,343	1,814,917



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2016

1. Nature 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.

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.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2016

2. Significant accounting policies - continued

d) 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

e) Allocation of expenses

The organization 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 the organization and each of the programs.

The organization 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.

f) 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.

g) Capital reserve

The board of directors have established an internally restricted capital reserve. Contributions are made to the reserve at the discretion of the board for financing of future major repairs and replacements. Transfers from the capital reserve represent major repairs and replacements in the year.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2016

2. Significant accounting policies - continued

h) 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. Nevertheless, 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.

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 credit risk.

i) 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.

4. Capital assets

		2016		2015	
	Cost	Accumulated amortization	Net		Net
Furniture and equipment	\$ 181,963	110,827	71,136		88,919
Computer equipment	112,078	76,264	35,814		28,880
Playscape	77,307	64,741	12,566		10,691
Leasehold improvements	200,450	114,815	85,635		112,549
	\$ 571,798	366,647	205,151		241,039

Amortization recorded during the year amounted to \$66,684.

During the year, capital assets were acquired for cash at an aggregate cost of \$30,796.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2016

5. 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 towards THRC program.

	2016	2015
Balance, beginning of year	\$ 634,300	173,638
Amount received in the year	808,486	820,375
Revenue recognized in the year	<u>(822,156)</u>	<u>(359,713)</u>
Balance, end of year	\$ <u>620,630</u>	<u>634,300</u>

6. Unutilized capital grants

Unutilized capital grants represent grants received for the purchase of capital assets.

	2016	2015
Balance, beginning of year	\$ 31,766	41,449
Amount received in the year		4,318
Revenue recognized in the year	<u>(13,981)</u>	<u>(14,001)</u>
Balance, end of year	\$ <u>17,785</u>	<u>31,766</u>

7. Allocation of expenses

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

	2016	2015
Advertising and promotion	\$ 4,486	3,991
Education	6,487	8,258
Maintenance	26,237	27,540
Office and miscellaneous	100,327	98,948
Salaries and benefits	686,903	614,248
Telephone	<u>12,541</u>	<u>10,046</u>
	\$ <u>836,981</u>	<u>763,031</u>

8. Contract with The Regional Municipality of Halton

MCRC has service contracts with The Regional Municipality of Halton. One requirement of the contracts is the production by management of a report on a calendar year basis which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relate to the contracts.

9. Contract with Ministry of Children and Youth Services

MCRC has a Service Contract/CFSA approval with Ministry of Children and Youth Services. A reconciliation report summarizes by service A508 and A463 all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract/CFSA approval.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2016

10. Contract with Ministry of Education

MCRC has a Service Contract/CFSA approval with Ministry of Education. A reconciliation report summarizes the revenue and expenditures by service A462 and identifies any resulting surplus or deficit that relates to the Service Contract/CFSA approval.

11. Ontario Early Years Centre

MCRC and Links 2 Care share a common mission of supporting children 0 to 6 years of age and their families through the delivery of Early Years programs and services as directed by Ministry of Education.

A memorandum of understanding has been established by MCRC and Links 2 Care to enhance the abilities of the participants to delivery programs and services through a collaborative relationship to children 0 to 6 years of age and their families in accordance with the planning and expectation of Ministry of Education. This is accomplished through the individual and collective efforts of both agencies responding to community needs and implementing best practices.

12. Operating lease commitments

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

2017	\$ 521,216
2018	451,268
2019	451,268
2020	449,107
2021	321,533
Thereafter	<u>2,737</u>
	<u>\$ 2,197,129</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 primarily on funding from Ministry of Children and Youth Services, Ministry of Education and The Regional Municipality of Halton in order to carry out its operations.

15. Contingent liability

Management is aware of possible claims against the organization with respect to incidents that were discovered during the 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 the organization as management expects any loss related to possible claims to be covered by insurance.

