

MILTON COMMUNITY RESOURCE CENTRE
FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 2015

Contents	Page
Independent auditors' report	1
Balance sheet	2
Statement of changes in net assets	3
Statement of revenue and expenditure – combined	4
Statement of revenue and expenditure – grants and subsidy, programs and fund raising	5
Statement of revenue and expenditure – Early Years – Ministry of Children and Youth Services	6
Statement of revenue and expenditure – Early Years – Ministry of Education	7
Statement of cash flows	8
Notes to financial statements	9 - 12





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, 2015, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Milton Community Resource Centre derived revenue from donations and fund raising activities, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations and fund raising revenue, operating reserve or cash and cash equivalents at year end.

Qualified Opinion

In our opinion, except for the effect of the matters in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Milton Community Resource Centre as at December 31, 2015 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
June 16, 2016

MILTON COMMUNITY RESOURCE CENTRE

Balance sheet

As at December 31, 2015

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 1,814,917	1,145,301
Accounts receivable	158,369	286,482
Prepaid expenses	36,268	29,192
	2,009,554	1,460,975
Capital assets (Note 4)	241,039	233,687
	\$ 2,250,593	1,694,662
Liabilities and operating reserve		
Current liabilities		
Accounts payable and accrued liabilities	\$ 140,535	169,860
Government remittances payable	137,107	66,990
Unutilized grants and advance billings (Note 5)	634,300	173,638
	911,942	410,488
Long-term liabilities		
Unutilized capital grants (Note 6)	31,766	41,449
	943,708	451,937
Net assets		
Operating reserve	1,218,207	1,123,356
Capital reserve	88,678	119,369
	1,306,885	1,242,725
	\$ 2,250,593	1,694,662

Approved by the Board

Director

Director



MILTON COMMUNITY RESOURCE CENTRE

Statement of changes in net assets

For the year ended December 31, 2015

	2015	2014
Operating reserve		
Balance, beginning of year	\$ 1,123,356	991,471
Operating reserve for year	64,160	148,114
Transfer from capital reserve	112,184	79,771
Transfer to capital reserve	(81,493)	(96,000)
Balance, end of year	\$ 1,218,207	1,123,356

	2015	2014
Capital reserve		
Balance, beginning of year	\$ 119,369	103,140
Transfer to operating reserve	(112,184)	(79,771)
Transfer from operating reserve	81,493	96,000
Balance, end of year	\$ 88,678	119,369



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure - combined

For the year ended December 31, 2015

	2015	2014
Revenue		
Grants and subsidy		
Ministry of Children and Youth Services	\$ 24,142	171,506
Ministry of Education	663,447	497,585
The Regional Municipality of Halton	2,240,029	1,719,013
Summer Career Placement	2,978	2,666
United Way of Milton	19,650	16,500
Special purpose grants	122,600	233,711
Subtotal	3,072,846	2,640,981
Less unutilized capital grants	4,318	12,495
Add utilized capital grants	14,001	17,552
Total Grants and Subsidy	3,082,529	2,646,038
Programs		
Early learning and care	3,985,389	3,564,193
Family Resource program	85,767	98,151
Halton Resource Connection	70,020	76,616
Nursery School programs	182,021	194,740
Private Home Child Care program	230,497	273,074
Quality First	25,390	24,755
Rental income	45,131	36,739
Total Programs	4,624,215	4,268,268
Fund raising	51,655	65,645
Donations	2,930	2,617
	7,761,329	6,982,568
Expenditure		
Advertising and promotion	14,445	7,764
Amortization	64,066	58,612
Dues	6,323	3,947
Education	19,938	20,202
Fund raising	14,659	19,759
Insurance	17,258	16,576
Links 2 Care	180,000	180,000
Maintenance	44,487	61,619
Office and miscellaneous	172,422	134,575
Private Home Child Care Provider fees	209,884	229,708
Professional fees	14,985	11,877
Program supplies	399,478	359,205
Property tax	57,310	46,249
Rent	699,786	604,806
Salaries and benefits	4,809,746	4,081,758
Shared	763,031	662,881
Special purpose grants	122,600	233,711
Telephone	38,075	37,187
Utilities	29,365	26,751
Workshops	19,311	37,267
	7,697,169	6,834,454
Operating reserve for year	\$ 64,160	148,114



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – grants and subsidy, programs and fund raising
For the year ended December 31, 2015

	2015	2014
Revenue		
Grants and subsidy		
The Regional Municipality of Halton	\$ 2,240,029	1,719,013
Summer Career Placement	2,978	2,666
United Way of Milton	19,650	16,500
Special purpose grants	122,600	96,768
Subtotal	2,385,257	1,834,947
Less unutilized capital grants	4,318	12,495
Add utilized capital grants	14,001	17,552
Total Grants and Subsidy	2,394,940	1,840,004
Programs		
Early learning and care	3,985,389	3,564,193
Family Resource program	85,767	98,151
Halton Resource Connection	70,020	76,616
Nursery School programs	182,021	194,740
Private Home Child Care program	230,497	273,074
Quality First	25,390	24,755
Rental income	45,131	36,739
Total Programs	4,624,215	4,268,268
Fund raising	51,655	65,645
Donations	2,930	2,617
	7,073,740	6,176,534
Expenditure		
Advertising and promotion	13,344	5,835
Amortization	64,066	58,612
Dues	5,761	2,790
Education	16,510	16,353
Fund raising	14,659	19,759
Insurance	14,396	13,759
Maintenance	43,217	54,078
Office and miscellaneous	166,849	114,166
Private Home Child Care Provider fees	209,884	229,708
Professional fees	12,353	9,139
Program supplies	394,319	351,911
Property tax	38,503	31,453
Rent	565,575	484,289
Salaries and benefits	4,498,914	3,809,420
Shared	668,718	597,071
Special purpose grants	122,600	96,768
Telephone	38,075	34,747
Utilities	20,501	18,684
Workshops	19,311	37,267
	6,927,555	5,985,809
Operating reserve for year	\$ 146,185	190,725



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – Early Years – Ministry of Children and Youth Services
For the year ended December 31, 2015

	2015	2014
Revenue		
Grants and subsidy		
Ministry of Children and Youth Services	\$ 24,142	171,506
Special purpose grants		136,943
	24,142	308,449
Expenditure		
Advertising and promotion	680	584
Dues		1,065
Education	295	474
Insurance	20	719
Links 2 Care		45,000
Maintenance		2,192
Office and miscellaneous	555	5,001
Professional fees		624
Program supplies	2,400	4,635
Property tax		3,789
Rent	1,500	30,129
Salaries and benefits	9,293	68,304
Shared	3,900	12,771
Special purpose grants		136,943
Telephone		631
Utilities	50	2,191
	18,693	315,052
Operating reserve (deficit) for year	\$ 5,449	(6,603)



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – Early Years – Ministry of Education

For the year ended December 31, 2015

	2015	2014
Revenue		
Grants and subsidy		
Ministry of Education	\$ 663,447	497,585
Expenditure		
Advertising and promotion	421	1,345
Dues	562	92
Education	3,133	3,375
Insurance	2,842	2,098
Links 2 Care	180,000	135,000
Maintenance	1,270	5,349
Office and miscellaneous	5,018	15,408
Professional fees	2,632	2,114
Program supplies	2,759	2,659
Property tax	18,807	11,007
Rent	132,711	90,388
Salaries and benefits	301,539	204,034
Shared	90,413	53,039
Telephone		1,809
Utilities	8,814	5,876
	750,921	533,593
Operating deficit for year	\$ (87,474)	(36,008)



MILTON COMMUNITY RESOURCE CENTRE

Statement of cash flows

For the year ended December 31, 2015

	2015	2014
Cash flows from (used in) operating activities		
Net operating reserve for year	\$ 64,160	148,114
Adjustment for		
Amortization of capital assets	64,066	58,612
	128,226	206,726
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	128,113	(149,588)
(Increase) decrease in prepaid expenses	(7,076)	14,673
(Decrease) increase in accounts payable and accrued liabilities	(29,325)	61,146
Increase in government remittances payable	70,117	12,274
Increase (decrease) in unutilized grants and advance billings	460,662	(4,216)
Cash flows from operating activities	750,717	141,015
Cash flows from (used in) investing activities		
Acquisition of capital assets	(71,418)	(97,543)
Cash flows used in investing activities	(71,418)	(97,543)
Cash flows from (used in) financing activities		
Decrease in unutilized capital grants	(9,683)	(5,057)
Cash flows used in financing activities	(9,683)	(5,057)
Net increase in cash during year	669,616	38,415
Cash and cash equivalents, beginning of year	1,145,301	1,106,886
Cash and cash equivalents, end of year	\$ 1,814,917	1,145,301



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2015

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.

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



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2015

2. Significant accounting policies – continued

e) 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.

f) 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.

g) 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.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2015

4. Capital assets

		2015		2014
	Cost	Accumulated amortization	Net	Net
Furniture and equipment	\$ 181,962	93,043	88,919	88,773
Computer equipment	93,726	64,846	28,880	41,257
Playscape	71,830	61,139	10,691	13,745
Leasehold improvements	193,483	80,934	112,549	89,912
	<u>\$ 541,001</u>	<u>299,962</u>	<u>241,039</u>	<u>233,687</u>

Amortization recorded during the year amounted to \$64,066.

During the year, capital assets were acquired for cash at an aggregate cost of \$71,418.

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.

	2015	2014
Balance, beginning of year	\$ 173,638	177,854
Amount received in the year	820,375	212,705
Revenue recognized in the year	<u>(359,713)</u>	<u>(216,921)</u>
Balance, end of year	<u>\$ 634,300</u>	<u>173,638</u>

6. Unutilized capital grants

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

	2015	2014
Balance, beginning of year	\$ 41,449	46,506
Amount received in the year	4,318	12,495
Revenue recognized in the year	<u>(14,001)</u>	<u>(17,552)</u>
Balance, end of year	<u>\$ 31,766</u>	<u>41,449</u>

7. 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.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2015

8. 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.

9. 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.

10. 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.

11. Operating lease commitments

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

2016	\$	565,994
2017		521,980
2018		447,523
2019		429,664
2020		429,664
Thereafter		<u>305,113</u>
	\$	<u>2,699,938</u>

12. Income taxes

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

13. 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.

