

MILTON COMMUNITY RESOURCE CENTRE
FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 2017

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 - 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 - 14





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, 2017, 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, 2017 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 6, 2018

MILTON COMMUNITY RESOURCE CENTRE**Balance sheet****As at December 31, 2017**

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 1,278,997	1,992,343
Accounts receivable	266,959	176,455
Prepaid expenses	78,438	40,268
	1,624,394	2,209,066
Capital assets (Note 4)	195,988	205,151
	\$ 1,820,382	2,414,217
Liabilities and operating reserve		
Current liabilities		
Accounts payable and accrued liabilities	\$ 191,762	179,665
Government remittances payable	50,708	178,083
Unutilized grants and advance billings (Note 5)	228,218	620,630
	470,688	978,378
Long-term liabilities		
Unutilized capital grants (Note 6)	9,146	17,785
	479,834	996,163
Net assets		
Operating reserve	1,279,787	1,272,438
Capital reserve	60,761	145,616
	1,340,548	1,418,054
	\$ 1,820,382	2,414,217

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, 2017

	2017	2016
Operating reserve		
Balance, beginning of year	\$ 1,272,438	1,218,207
Operating deficit reserve for year	(77,506)	111,169
Transfer from capital reserve	84,855	88,678
Transfer to capital reserve	-	(145,616)
Balance, end of year	\$ 1,279,787	1,272,438

	2017	2016
Capital reserve		
Balance, beginning of year	\$ 145,616	88,678
Transfer to operating reserve	(84,855)	(88,678)
Transfer from operating reserve	-	145,616
Balance, end of year	\$ 60,761	145,616



MILTON COMMUNITY RESOURCE CENTRE
Statement of revenue and expenditure - combined
For the year ended December 31, 2017

	2017	2016
Revenue		
Grants and subsidy		
Ministry of Children and Youth Services	\$ 72,640	72,641
Ministry of Education	663,447	663,447
Ontario Trillium Foundation	169,032	137,770
The Regional Municipality of Halton	2,757,350	2,546,798
Summer Career Placement	-	13,197
United Way Halton and Hamilton	20,700	20,700
Special purpose grants	82,398	279,734
Subtotal	3,765,567	3,734,287
Less unutilized capital grants		
Add utilized capital grants	8,639	13,981
Total Grants and Subsidy	3,774,206	3,748,268
Programs		
Early learning and care	4,318,192	4,262,093
Family Resource program	76,902	82,387
Halton Resource Connection	81,770	78,925
Nursery School programs	156,602	178,533
Private Home Child Care program	199,506	231,323
Quality First	23,390	26,175
Rental income	80,856	66,281
Total Programs	4,937,218	4,925,717
Fund raising	32,338	29,679
Donations	824	1,234
	8,744,586	8,704,898
Expenditure		
Advertising and promotion	6,162	10,032
Amortization	58,556	66,684
Dues	10,048	15,229
Education	18,306	29,746
Fund raising	8,468	6,402
Insurance	22,119	22,435
Links 2 Care	180,000	180,000
Maintenance	51,955	54,971
Office and miscellaneous	231,614	255,428
Private Home Child Care Provider fees	197,243	240,453
Professional fees	39,172	26,524
Program supplies	377,005	426,549
Property tax	65,353	60,281
Rent	745,423	727,905
Salaries and benefits	5,683,379	5,257,963
Shared administration (Note 7)	938,416	836,981
Special purpose grants	82,398	279,734
Telephone	42,719	42,373
Utilities	28,916	31,644
Workshops	34,840	22,395
	8,822,092	8,593,729
Operating (deficit) reserve for year	\$ (77,506)	111,169



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – grants and subsidy, programs and fund raising For the year ended December 31, 2017

	2017	2016
Revenue		
Grants and subsidy		
Ontario Trillium Foundation	\$ 169,032	137,770
The Regional Municipality of Halton	2,757,350	2,546,798
Summer Career Placement	-	13,197
United Way Halton and Hamilton	20,700	20,700
Special purpose grants	82,398	279,734
Subtotal	3,029,480	2,998,199
Less unutilized capital grants		
Add utilized capital grants	8,639	13,981
Total Grants and Subsidy	3,038,119	3,012,180
Programs		
Early learning and care	4,318,192	4,262,093
Family Resource program	76,902	82,387
Halton Resource Connection	81,770	78,925
Nursery School programs	156,602	178,533
Private Home Child Care program	199,506	231,323
Quality First	23,390	26,175
Rental income	80,856	66,281
Total Programs	4,937,218	4,925,717
Fund raising	32,338	29,679
Donations	824	1,234
	8,008,499	7,968,810
Expenditure		
Advertising and promotion	5,541	9,827
Amortization	58,556	66,684
Dues	9,154	13,561
Education	17,033	28,265
Fund raising	8,468	6,382
Insurance	18,307	19,097
Maintenance	48,362	53,309
Office and miscellaneous	227,156	249,752
Private Home Child Care Provider fees	197,243	240,453
Professional fees	34,615	23,950
Program supplies	368,808	416,101
Property tax	45,826	40,439
Rent	603,344	590,988
Salaries and benefits	5,349,394	4,936,325
Shared administration (Note 7)	839,121	732,303
Special purpose grants	82,398	279,734
Telephone	42,469	42,373
Utilities	20,290	22,618
Workshops	34,840	22,395
	8,010,925	7,794,556
Operating (deficit) reserve for year	\$ (2,426)	174,254



MILTON COMMUNITY RESOURCE CENTRE

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

For the year ended December 31, 2017

	2017	2016
Revenue		
Grants and subsidy		
Ministry of Children and Youth Services	\$ 72,640	72,641
Expenditure		
Advertising and promotion	583	83
Education	565	425
Insurance	359	20
Maintenance	276	-
Office and miscellaneous	1,667	2,677
Professional fees	397	-
Program supplies	3,932	8,258
Rent	3,138	3,047
Salaries and benefits	58,286	53,530
Shared administration (Note 7)	7,285	5,750
Telephone	250	-
Utilities	50	50
	76,788	73,840
Operating deficit for year	\$ (4,148)	(1,199)



MILTON COMMUNITY RESOURCE CENTRE

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

For the year ended December 31, 2017

	2017	2016
Revenue		
Grants and subsidy		
Ministry of Education	\$ 663,447	663,447
Expenditure		
Advertising and promotion	38	122
Dues	894	1,668
Education	708	1,056
Insurance	3,453	3,338
Links 2 Care	180,000	180,000
Maintenance	3,317	1,662
Office and miscellaneous	2,791	2,997
Professional fees	4,160	2,574
Program supplies	4,264	2,190
Property tax	19,527	19,842
Rent	138,941	133,870
Salaries and benefits	275,699	268,110
Shared administration (Note 7)	92,011	98,928
Utilities	8,576	8,976
	734,379	725,333
Operating deficit for year	\$ (70,932)	(61,886)



MILTON COMMUNITY RESOURCE CENTRE**Statement of cash flows****For the year ended December 31, 2017**

	2017	2016
Cash flows from (used in) operating activities		
Operating (deficit) reserve for year	\$ (77,506)	111,169
Adjustment for		
Amortization of capital assets	58,556	66,684
	(18,950)	177,853
Changes in non-cash working capital		
Increase in accounts receivable	(90,504)	(18,086)
Increase in prepaid expenses	(38,170)	(4,000)
Increase in accounts payable and accrued liabilities	12,097	39,130
(Decrease) increase in government remittances payable	(127,375)	40,976
Decrease in unutilized grants and advance billings	(392,412)	(13,670)
Cash flows (used in) from operating activities	(655,314)	222,203
Cash flows from (used in) investing activities		
Acquisition of capital assets	(49,393)	(30,796)
Cash flows used in investing activities	(49,393)	(30,796)
Cash flows from (used in) financing activities		
Decrease in unutilized capital grants	(8,639)	(13,981)
Cash flows used in financing activities	(8,639)	(13,981)
Net (decrease) increase in cash during year	(713,346)	177,426
Cash and cash equivalents, beginning of year	1,992,343	1,814,917
Cash and cash equivalents, end of year	\$ 1,278,997	1,992,343



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2017

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, 2017

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.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2017

2. Significant accounting policies - continued

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.

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.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2017

4. Capital assets

		2017		2016
	Cost	Accumulated amortization	Net	Net
Furniture and equipment	\$ 185,197	125,378	59,819	71,136
Computer equipment	129,826	89,670	40,156	35,814
Playscape	77,307	68,889	8,418	12,566
Leasehold improvements	228,861	141,266	87,595	85,635
	<u>\$ 621,191</u>	<u>425,203</u>	<u>195,988</u>	<u>205,151</u>

Amortization recorded during the year amounted to \$58,556.

During the year, capital assets were acquired for cash at an aggregate cost of \$49,393.

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.

	2017	2016
Balance, beginning of year	\$ 620,630	634,300
Amount received in the year	583,874	808,486
Amount refunded in the year	(319,131)	-
Revenue recognized in the year	<u>(657,155)</u>	<u>(822,156)</u>
Balance, end of year	<u>\$ 228,218</u>	<u>620,630</u>

6. Unutilized capital grants

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

	2017	2016
Balance, beginning of year	\$ 17,785	31,766
Revenue recognized in the year	<u>(8,639)</u>	<u>(13,981)</u>
Balance, end of year	<u>\$ 9,146</u>	<u>17,785</u>



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2017

7. Allocation of expenses

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

	2017	2016
Advertising and promotion	\$ 4,532	4,486
Education	12,328	6,487
Maintenance	29,585	26,237
Office and miscellaneous	91,580	100,327
Salaries and benefits	781,237	686,903
Telephone	19,154	12,541
	<u>\$ 938,416</u>	<u>836,981</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.

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.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2017

12. Operating lease commitments

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

2018	\$	575,078
2019		581,613
2020		535,023
2021		355,635
Thereafter		<u>2,736</u>
	\$	<u>2,050,085</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 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 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 the organization as management expects any loss related to possible claims to be covered by insurance.

16. Comparative figures

Certain figures in the 2016 financial statements have been reclassified to conform with the basis of presentation used in 2017.

