

**MILTON COMMUNITY RESOURCE CENTRE**  
**FINANCIAL STATEMENTS**  
**AS AT**  
**DECEMBER 31, 2018**

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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, 2018, 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, 2018 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:



GLENN • GRAYDON • WRIGHT LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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## 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.

*Glenn Graydon Wright LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Oakville, Ontario  
June 18, 2019

**MILTON COMMUNITY RESOURCE CENTRE****Balance sheet****As at December 31, 2018**

	2018	2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 885,180	1,278,997
Short-term investments	505,445	-
Accounts receivable	335,810	266,959
Prepaid expenses	66,989	78,438
	<b>1,793,424</b>	<b>1,624,394</b>
<b>Capital assets (Note 4)</b>	<b>333,901</b>	<b>195,988</b>
	<b>\$ 2,127,325</b>	<b>1,820,382</b>
<b>Liabilities and operating reserve</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 215,311	191,762
Government remittances payable	29,116	50,708
Unutilized grants and advance billings (Note 5)	258,161	228,218
	<b>502,588</b>	<b>470,688</b>
<b>Long-term liabilities</b>		
Unutilized capital grants (Note 6)	146,036	9,146
	<b>648,624</b>	<b>479,834</b>
<b>Net assets</b>		
Operating reserve	1,472,872	1,279,787
Capital reserve	5,829	60,761
	<b>1,478,701</b>	<b>1,340,548</b>
	<b>\$ 2,127,325</b>	<b>1,820,382</b>

**Contingent liability (Note 14)**

Approved by the Board

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

**MILTON COMMUNITY RESOURCE CENTRE****Statement of changes in net assets****For the year ended December 31, 2018**

	2018	2017
<b>Operating reserve</b>		
Balance, beginning of year	\$ 1,279,787	1,272,438
Operating surplus (deficit) reserve for year	201,594	(77,506)
Transfer from capital reserve	-	84,855
Transfer to capital reserve	(8,509)	-
<b>Balance, end of year</b>	<b>\$ 1,472,872</b>	<b>1,279,787</b>

	2018	2017
<b>Capital reserve</b>		
Balance, beginning of year	\$ 60,761	145,616
Expenditures during the year	(63,441)	-
Transfer to operating reserve	-	(84,855)
Transfer from operating reserve	8,509	-
<b>Balance, end of year</b>	<b>\$ 5,829</b>	<b>60,761</b>



**MILTON COMMUNITY RESOURCE CENTRE**  
**Statement of revenue and expenditure - combined**  
**For the year ended December 31, 2018**

	2018	2017
<b>Revenue</b>		
<b>Grants and subsidy</b>		
Ministry of Children and Youth Services	\$ 5,641	72,640
Ministry of Education	-	663,447
Ontario Trillium Foundation	200,198	169,032
The Regional Municipality of Halton	3,933,757	2,757,350
Summer Career Placement	18,946	-
United Way Halton and Hamilton	25,621	20,700
Special purpose grants	89,118	82,398
<b>Subtotal</b>	<b>4,273,281</b>	<b>3,765,567</b>
Add utilized capital grants	16,376	8,639
<b>Total Grants and Subsidy</b>	<b>4,289,657</b>	<b>3,774,206</b>
<b>Programs</b>		
Early learning and care	4,591,825	4,318,192
Family Resource program	88,867	76,902
Halton Resource Connection	79,610	81,770
Nursery School programs	172,500	156,602
Private Home Child Care program	157,600	199,506
Quality First	9,358	23,390
Rental income	85,405	80,856
<b>Total Programs</b>	<b>5,185,165</b>	<b>4,937,218</b>
<b>Fund raising</b>	<b>59,389</b>	<b>32,338</b>
<b>Donations</b>	<b>562</b>	<b>824</b>
	<b>9,534,773</b>	<b>8,744,586</b>
<b>Expenditure</b>		
Advertising and promotion	6,082	6,162
Amortization	58,543	58,556
Dues	11,415	10,048
Education	15,007	18,306
Fund raising	16,920	8,468
Insurance	26,610	22,119
Links 2 Care	-	180,000
Maintenance	49,967	51,955
Office and miscellaneous	263,819	231,614
Private Home Child Care Provider fees	165,398	197,243
Professional fees	30,489	39,172
Program supplies	398,798	377,005
Property tax	68,289	65,353
Rent	721,702	745,423
Salaries and benefits	6,295,158	5,683,379
Shared administration (Note 7)	1,010,253	938,416
Special purpose grants	89,118	82,398
Telephone	34,744	42,719
Utilities	27,686	28,916
Workshops	43,181	34,840
	<b>9,333,179</b>	<b>8,822,092</b>
<b>Operating (deficit) for year</b>	<b>\$ 201,594</b>	<b>(77,506)</b>



## MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – grants and subsidy, programs and fund raising  
For the year ended December 31, 2018

	2018	2017
<b>Revenue</b>		
<b>Grants and subsidy</b>		
Ontario Trillium Foundation	\$ 200,198	169,032
The Regional Municipality of Halton	3,933,757	2,757,350
Summer Career Placement	18,946	-
United Way Halton and Hamilton	25,621	20,700
Special purpose grants	89,118	82,398
Subtotal	4,267,640	3,029,480
Add utilized capital grants	16,376	8,639
<b>Total Grants and Subsidy</b>	<b>4,284,016</b>	<b>3,038,119</b>
<b>Programs</b>		
Early learning and care	4,591,825	4,318,192
Family Resource program	88,867	76,902
Halton Resource Connection	79,610	81,770
Nursery School programs	172,500	156,602
Private Home Child Care program	157,600	199,506
Quality First	9,358	23,390
Rental income	85,405	80,856
<b>Total Programs</b>	<b>5,185,165</b>	<b>4,937,218</b>
<b>Fund raising</b>	<b>59,389</b>	<b>32,338</b>
<b>Donations</b>	<b>562</b>	<b>824</b>
	<b>9,529,132</b>	<b>8,008,499</b>
<b>Expenditure</b>		
Advertising and promotion	5,999	5,541
Amortization	58,543	58,556
Dues	11,415	9,154
Education	14,957	17,033
Fund raising	16,920	8,468
Insurance	26,590	18,307
Maintenance	49,967	48,362
Office and miscellaneous	263,499	227,156
Private Home Child Care Provider fees	165,398	197,243
Professional fees	30,489	34,615
Program supplies	396,398	368,808
Property tax	68,289	45,826
Rent	721,702	603,344
Salaries and benefits	6,292,990	5,349,394
Shared administration (Note 7)	1,009,703	839,121
Special purpose grants	89,118	82,398
Telephone	34,744	42,469
Utilities	27,636	20,290
Workshops	43,181	34,840
	<b>9,327,538</b>	<b>8,010,925</b>
<b>Operating (deficit) for year</b>	<b>\$ 201,594</b>	<b>(2,426)</b>



**MILTON COMMUNITY RESOURCE CENTRE**

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

For the year ended December 31, 2018

	2018	2017
<b>Revenue</b>		
<b>Grants and subsidy</b>		
Ministry of Children and Youth Services	\$ 5,641	72,640
<b>Expenditure</b>		
Advertising and promotion	83	583
Education	50	565
Insurance	20	359
Maintenance	-	276
Office and miscellaneous	320	1,667
Professional fees	-	397
Program supplies	2,400	3,932
Rent	-	3,138
Salaries and benefits	2,168	58,286
Shared administration (Note 7)	550	7,285
Telephone	-	250
Utilities	50	50
	5,641	76,788
<b>Operating surplus (deficit) for year</b>	<b>\$ Nil</b>	<b>(4,148)</b>





**MILTON COMMUNITY RESOURCE CENTRE**

**Statement of revenue and expenditure – Early Years – Ministry of Education  
For the year ended December 31, 2018**

	2018	2017
<b>Revenue</b>		
<b>Grants and subsidy</b>		
Ministry of Education	\$ -	663,447
<b>Expenditure</b>		
Advertising and promotion	-	38
Dues	-	894
Education	-	708
Insurance	-	3,453
Links 2 Care	-	180,000
Maintenance	-	3,317
Office and miscellaneous	-	2,791
Professional fees	-	4,160
Program supplies	-	4,264
Property tax	-	19,527
Rent	-	138,941
Salaries and benefits	-	275,699
Shared administration	-	92,011
Utilities	-	8,576
	-	734,379
<b>Operating surplus (deficit) for year</b>	<b>\$ Nil</b>	<b>(70,932)</b>



**MILTON COMMUNITY RESOURCE CENTRE****Statement of cash flows****For the year ended December 31, 2018**

	2018	2017
<b>Cash flows from (used in) operating activities</b>		
Operating surplus (deficit) reserve for year	\$ 201,594	(77,506)
Adjustment for		
Amortization of capital assets	58,543	58,556
	260,137	(18,950)
Changes in non-cash working capital		
Increase in short-term investments	(505,445)	-
Increase in accounts receivable	(68,851)	(90,504)
Decrease (increase) in prepaid expenses	11,449	(38,170)
Increase in accounts payable and accrued liabilities	23,549	12,097
Decrease in government remittances payable	(21,592)	(127,375)
Increase (decrease) in unutilized grants and advance billings	29,943	(392,412)
<b>Cash flows used in operating activities</b>	<b>(270,810)</b>	<b>(655,314)</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of capital assets	(196,456)	(49,393)
<b>Cash flows used in investing activities</b>	<b>(196,456)</b>	<b>(49,393)</b>
<b>Cash flows from (used in) financing activities</b>		
Increase (decrease) in unutilized capital grants	136,890	(8,639)
Capital reserve expenditures	(63,441)	-
<b>Cash flows from (used in) financing activities</b>	<b>73,449</b>	<b>(8,639)</b>
<b>Net decrease in cash during year</b>	<b>(393,817)</b>	<b>(713,346)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,278,997</b>	<b>1,992,343</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 885,180</b>	<b>1,278,997</b>



## MILTON COMMUNITY RESOURCE CENTRE

### Notes to financial statements

As at December 31, 2018

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#### 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.

##### 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, 2018

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#### 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, 2018**

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**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 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.

The organization'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.



## MILTON COMMUNITY RESOURCE CENTRE

### Notes to financial statements

As at December 31, 2018

### 3. Financial instruments- continued

#### 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

		2018		2017
	Cost	Accumulated amortization	Net	Net
Furniture and equipment	\$ 201,024	138,924	62,100	59,819
Computer equipment	138,944	103,084	35,860	40,156
Playscape	77,307	72,408	4,899	8,418
Leasehold improvements	193,071	101,860	91,211	87,595
	610,346	416,276	194,070	195,988
Assets under construction	139,831	-	139,831	-
	\$ 750,177	416,276	333,901	195,988

Amortization recorded during the year amounted to \$58,543.

During the year, capital assets were acquired for cash at an aggregate cost of \$196,456.

### 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.

	2018	2017
Balance, beginning of year	\$ 228,218	620,630
Amount received in the year	773,086	583,874
Amount refunded in the year	(74,266)	(319,131)
Revenue recognized in the year	(668,877)	(657,155)
Balance, end of year	\$ 258,161	228,218



## MILTON COMMUNITY RESOURCE CENTRE

### Notes to financial statements

As at December 31, 2018

#### 6. Unutilized capital grants

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

	2018	2017
Balance, beginning of year	\$ 9,146	17,785
Amount received in the year	153,266	-
Revenue recognized in the year	<u>(16,376)</u>	<u>(8,639)</u>
Balance, end of year	<u>\$ 146,036</u>	<u>9,146</u>

#### 7. Allocation of expenses

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

	2018	2017
Advertising and promotion	\$ 4,927	4,532
Education	15,584	12,328
Maintenance	34,232	29,585
Office and miscellaneous	107,850	91,580
Salaries and benefits	822,314	781,237
Telephone	<u>25,346</u>	<u>19,154</u>
	<u>\$ 1,010,253</u>	<u>938,416</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 had a Service Contract/CFSA approval with the 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. In 2018, the Ministry of Education funding for the Early Years programs has now been funded by The Regional Municipality of Halton.



## MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2018

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### 11. Operating lease commitments

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

2019	\$	756,486
2020		712,255
2021		511,865
2022		163,654
2023		165,745
	\$	<u>2,310,005</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 on funding from The Regional Municipality of Halton in order to carry out its operations.

### 14. 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.

