

**MILTON COMMUNITY RESOURCE CENTRE**  
**FINANCIAL STATEMENTS**  
**AS AT**  
**DECEMBER 31, 2014**

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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, 2014, 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, 2014 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 23, 2015

# MILTON COMMUNITY RESOURCE CENTRE

## Balance sheet

As at December 31, 2014

	2014	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,145,301	1,106,886
Accounts receivable	286,482	136,894
Prepaid expenses	29,192	43,865
	1,460,975	1,287,645
<b>Capital assets (Note 4)</b>	233,687	194,756
	\$ 1,694,662	1,482,401
<b>Liabilities and operating reserve</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 169,860	108,714
Government remittances payable	66,990	54,716
Unutilized grants and advance billings (Note 5)	173,638	177,854
	410,488	341,284
<b>Long-term liabilities</b>		
Unutilized capital grants (Note 6)	41,449	46,506
	451,937	387,790
<b>Net assets</b>		
Operating reserve	1,123,356	991,471
Capital reserve	119,369	103,140
	1,242,725	1,094,611
	\$ 1,694,662	1,482,401

Approved by the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



## MILTON COMMUNITY RESOURCE CENTRE

### Statement of changes in net assets

For the year ended December 31, 2014

	2014	2013
<b>Operating reserve</b>		
Balance, beginning of year	\$ 991,471	901,029
Operating reserve for year	148,114	104,319
Transfer from capital reserve	79,771	89,263
Transfer to capital reserve	(96,000)	(103,140)
Balance, end of year	\$ 1,123,356	991,471

	2014	2013
<b>Capital reserve</b>		
Balance, beginning of year	\$ 103,140	89,263
Transfer to operating reserve	(79,771)	(89,263)
Transfer from operating reserve	96,000	103,140
Balance, end of year	\$ 119,369	103,140



## MILTON COMMUNITY RESOURCE CENTRE

### Statement of revenue and expenditure - combined

For the year ended December 31, 2014

	2014	2013
<b>Revenue</b>		
<b>Grants and subsidy</b>		
Ministry of Children and Youth Services (MCYS)	\$ 171,506	669,084
Ministry of Education	497,585	
The Regional Municipality of Halton	1,719,013	1,562,001
Summer Career Placement	2,666	2,424
United Way of Milton	16,500	16,500
Special purpose grants	233,711	259,016
Subtotal	2,640,981	2,509,025
Less unutilized capital grants	12,495	
Add utilized capital grants	17,552	21,728
<b>Total Grants and Subsidy</b>	<b>2,646,038</b>	<b>2,530,753</b>
<b>Programs</b>		
Early learning and care	3,564,193	3,105,991
Family Resource program	98,151	104,754
Halton Resource Connection	76,616	62,329
Nursery School programs	194,740	236,228
Private Home Child Care program	273,074	313,970
Quality First	24,755	13,092
Rental income	36,739	32,208
<b>Total Programs</b>	<b>4,268,268</b>	<b>3,868,572</b>
<b>Fund raising</b>	<b>65,645</b>	<b>79,548</b>
<b>Donations</b>	<b>2,617</b>	<b>3,388</b>
	<b>6,982,568</b>	<b>6,482,261</b>
<b>Expenditure</b>		
Advertising and promotion	7,764	17,796
Amortization	58,612	52,434
Dues	3,947	6,939
Education	20,202	35,353
Fund raising	19,759	18,902
Insurance	16,576	15,761
Links 2 Care	180,000	180,000
Maintenance	61,619	78,560
Office and miscellaneous	134,575	140,297
Private Home Child Care Provider fees	229,708	264,476
Professional fees	11,877	13,220
Program supplies	359,205	299,631
Property tax	46,249	45,155
Rent	604,806	565,895
Salaries and benefits	4,081,758	3,804,451
Shared	662,881	506,513
Special purpose grants	233,711	259,016
Telephone	37,187	34,512
Utilities	26,751	25,546
Workshops	37,267	13,485
	<b>6,834,454</b>	<b>6,377,942</b>
<b>Operating reserve for year</b>	<b>\$ 148,114</b>	<b>104,319</b>



## MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – grants and subsidy, programs and fund raising  
For the year ended December 31, 2014

	2014	2013
<b>Revenue</b>		
<b>Grants and subsidy</b>		
The Regional Municipality of Halton	\$ 1,719,013	1,562,001
Summer Career Placement	2,666	2,424
United Way of Milton	16,500	16,500
Special purpose grants	96,768	49,966
Subtotal	1,834,947	1,630,891
Less unutilized capital grants	12,495	
Add utilized capital grants	17,552	21,728
<b>Total Grants and Subsidy</b>	<b>1,840,004</b>	<b>1,652,619</b>
<b>Programs</b>		
Early learning and care	3,564,193	3,105,991
Family Resource program	98,151	104,754
Halton Resource Connection	76,616	62,329
Nursery School programs	194,740	236,228
Private Home Child Care program	273,074	313,970
Quality First	24,755	13,092
Rental income	36,739	32,208
<b>Total Programs</b>	<b>4,268,268</b>	<b>3,868,572</b>
<b>Fund raising</b>	<b>65,645</b>	<b>79,548</b>
<b>Donations</b>	<b>2,617</b>	<b>3,388</b>
	<b>6,176,534</b>	<b>5,604,127</b>
<b>Expenditure</b>		
Advertising and promotion	5,835	16,250
Amortization	58,612	52,434
Dues	2,790	6,401
Education	16,353	31,554
Fund raising	19,759	18,902
Insurance	13,759	13,121
Maintenance	54,078	71,815
Office and miscellaneous	114,166	121,938
Private Home Child Care Provider fees	229,708	264,476
Professional fees	9,139	10,724
Program supplies	351,911	295,338
Property tax	31,453	30,851
Rent	484,289	445,378
Salaries and benefits	3,809,420	3,545,881
Shared	597,071	437,468
Special purpose grants	96,768	49,966
Telephone	34,747	32,564
Utilities	18,684	17,716
Workshops	37,267	13,485
	<b>5,985,809</b>	<b>5,476,262</b>
<b>Operating reserve for year</b>	<b>\$ 190,725</b>	<b>127,865</b>





## MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – Early Years – Ministry of Social Services

For the year ended December 31, 2014

	2014	2013
<b>Revenue</b>		
<b>Grants and subsidy</b>		
Ministry of Children and Youth Services (MCYS)	\$ 171,506	669,084
Special purpose grants	136,943	209,050
	<b>308,449</b>	<b>878,134</b>
<b>Expenditure</b>		
Advertising and promotion	584	1,546
Dues	1,065	538
Education	474	3,799
Insurance	719	2,640
Links 2 Care	45,000	180,000
Maintenance	2,192	6,745
Office and miscellaneous	5,001	18,359
Professional fees	624	2,496
Program supplies	4,635	4,293
Property tax	3,789	14,304
Rent	30,129	120,517
Salaries and benefits	68,304	258,570
Shared	12,771	69,045
Special purpose grants	136,943	209,050
Telephone	631	1,948
Utilities	2,191	7,830
	<b>315,052</b>	<b>901,680</b>
<b>Operating deficit for year</b>	<b>\$ (6,603)</b>	<b>(23,546)</b>



**MILTON COMMUNITY RESOURCE CENTRE**

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

For the year ended December 31, 2014

	2014
<b>Revenue</b>	
<b>Grants and subsidy</b>	
Ministry of Children and Youth Services (MCYS)	\$ 497,585
<b>Expenditure</b>	
Advertising and promotion	1,345
Dues	92
Education	3,375
Insurance	2,098
Links 2 Care	135,000
Maintenance	5,349
Office and miscellaneous	15,408
Professional fees	2,114
Program supplies	2,659
Property tax	11,007
Rent	90,388
Salaries and benefits	204,034
Shared	53,039
Telephone	1,809
Utilities	5,876
	533,593
<b>Operating deficit for year</b>	<b>\$ (36,008)</b>





## MILTON COMMUNITY RESOURCE CENTRE

### Statement of cash flows

For the year ended December 31, 2014

	2014	2013
<b>Cash flows from (used in) operating activities</b>		
Net operating reserve for year	\$ 148,114	104,319
Adjustment for		
Amortization of capital assets	58,612	52,434
	206,726	156,753
Changes in non-cash working capital		
Increase in accounts receivable	(149,588)	(5,686)
Decrease (increase) in prepaid expenses	14,673	(14,891)
Increase (decrease) in accounts payable and accrued liabilities	61,146	(69,592)
Increase in government remittances payable	12,274	13,895
(Decrease) increase in unutilized grants and advance billings	(4,216)	84,083
<b>Cash flows from operating activities</b>	<b>141,015</b>	<b>164,562</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of capital assets	(97,543)	(65,506)
<b>Cash flows used in investing activities</b>	<b>(97,543)</b>	<b>(65,506)</b>
<b>Cash flows from (used in) financing activities</b>		
Decrease in unutilized capital grants	(5,057)	(21,728)
<b>Cash flows used in financing activities</b>	<b>(5,057)</b>	<b>(21,728)</b>
<b>Net increase in cash during year</b>	<b>38,415</b>	<b>77,328</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,106,886</b>	<b>1,029,558</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,145,301</b>	<b>1,106,886</b>



# MILTON COMMUNITY RESOURCE CENTRE

## Notes to financial statements

As at December 31, 2014

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### 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, 2014

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#### 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, except for certain non-arm's length transactions. 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 and obtains security where warranted. 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, 2014

### 4. Capital assets

		2014		2013	
	Cost	Accumulated amortization	Net	Cost	Net
Furniture and equipment	\$ 162,073	73,300	88,773	73,800	73,800
Computer equipment	93,726	52,469	41,257	25,049	25,049
Playscape	71,830	58,085	13,745	5,656	5,656
Leasehold improvements	141,954	52,042	89,912	73,377	73,377
	469,583	235,896	233,687	177,882	177,882
Assets under construction				16,874	16,874
	\$ 469,583	235,896	233,687	194,756	194,756

Amortization recorded during the year amounted to \$58,612.

During the year, capital assets were acquired for cash at an aggregate cost of \$97,543.

### 5. Unutilized grants and advanced billings

Unutilized grants and advanced billings represent grants and billings received during the year but not yet utilized.

	2014	2013
Balance, beginning of year	\$ 177,854	93,771
Amount received in the year	212,705	346,795
Revenue recognized in the year	(216,921)	(262,712)
Balance, end of year	\$ 173,638	177,854

### 6. Unutilized capital grants

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

	2014	2013
Balance, beginning of year	\$ 46,506	68,234
Amount received in the year	12,495	
Revenue recognized in the year	(17,552)	(21,728)
Balance, end of year	\$ 41,449	46,506

### 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, 2014

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#### 8. Contract with Ministry of Children and Youth Services (MCYS)

MCRC has a Service Contract/CFSA approval with MCYS. A reconciliation report summarizes by service A462, A508 and A525 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 MCYS.

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 MCYS. 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:

2015	\$	563,777
2016		512,551
2017		482,795
2018		445,736
2019		429,664
Thereafter		<u>734,777</u>
	\$	<u>3,169,300</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 the Ministry of Children and Youth Services (MCYS), the Ministry of Education and The Regional Municipality of Halton in order to carry out its operations.

