

MILTON COMMUNITY RESOURCE CENTRE
FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 2012

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	6
Statement of cash flows	7
Notes to financial statements	8 - 11





GLENN • GRAYDON • WRIGHT LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of:
Milton Community Resource Centre

Report on the Financial Statements

We have audited the accompanying financial statements of Milton Community Resource Centre which comprise the balance sheets as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of changes in net assets, revenue and expenditure and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits 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 auditor's 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 auditor considers 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 in our audits 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, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Glenn Graydon Wright LLP

Chartered Accountants
Licensed Public Accountants
Oakville, Ontario
June 5, 2013

MILTON COMMUNITY RESOURCE CENTRE

Balance sheet

As at December 31, 2012

	December 31 2012	December 31 2011	January 1 2011
Assets			
Current assets			
Cash and cash equivalents (Note 3(c))	\$ 1,029,558	751,129	412,723
Accounts receivable	131,208	116,746	129,874
Prepaid expenses	28,974	38,192	14,063
	1,189,740	906,067	556,660
Capital assets (Notes 3(d), 5)	181,684	113,333	83,464
	\$ 1,371,424	1,019,400	640,124
Liabilities and operating reserve			
Current liabilities			
Accounts payable and accrued liabilities	\$ 178,306	201,770	159,001
Government remittances payable	40,821	35,019	29,962
Unutilized grants and advance billings (Note 3(e))	93,771	71,004	61,089
	312,898	307,793	250,052
Long-term liabilities			
Unutilized capital grants (Note 3(e))	68,234	39,346	44,867
	381,132	347,139	294,919
Net assets			
Operating reserve	901,029	582,186	345,205
Capital reserve (Note 3(f))	89,263	90,075	
	990,292	672,261	345,205
	\$ 1,371,424	1,019,400	640,124

Approved by the Board

Director

Director



MILTON COMMUNITY RESOURCE CENTRE

Statement of changes in net assets

For the year ended December 31, 2012

		2012	2011
Operating reserve			
Balance, beginning of year	\$	582,186	345,205
Operating reserve for year		318,031	327,056
Transfer from capital reserve		90,812	
Transfer to capital reserve		(90,000)	(90,075)
Balance, end of year	\$	901,029	582,186

		2012	2011
Capital reserve			
Balance, beginning of year	\$	90,075	Nil
Transfer to operating reserve		(90,812)	
Transfer from operating reserve		90,000	90,075
Balance, end of year	\$	89,263	90,075



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure - combined

For the year ended December 31, 2012

	2012	2011
Revenue		
Grants and subsidy		
Ministry of Children and Youth Services (MCYS)	\$ 669,092	670,784
Regional Municipality of Halton	1,567,633	1,495,465
Summer Career Placement	2,433	
United Way of Milton	16,125	15,000
Special purpose grants	74,109	87,274
Subtotal	2,329,392	2,268,523
Less unutilized capital grants	46,516	7,241
Add utilized capital grants	17,628	12,762
Total Grants and Subsidy	2,300,504	2,274,044
Programs		
Early learning and care	2,768,365	2,466,406
Family Resource program	105,921	96,459
Child Care directory and information	3,682	5,730
Halton Resource Connection	59,318	61,657
Nursery School programs	206,375	162,116
Private Home Child Care program	242,618	309,660
Quality First	12,774	9,899
Rental income	42,300	34,410
Total Programs	3,441,353	3,146,337
Fund raising	82,322	64,569
Donations	4,103	3,275
	5,828,282	5,488,225
Expenditure		
Advertising and promotion	20,901	9,012
Amortization	40,701	26,208
Dues	11,480	7,132
Education	25,027	14,798
Fund raising	17,784	17,255
Links 2 Care	180,000	180,000
Insurance	15,927	14,508
Maintenance	59,432	41,183
Office and miscellaneous	147,947	112,716
Private Home Child Care Provider fees	204,822	261,005
Professional fees	22,483	20,731
Program supplies	270,332	264,314
Property tax	42,519	44,400
Rent	514,181	473,258
Salaries and benefits	3,297,935	3,115,984
Shared	491,699	403,386
Special purpose grants	74,109	87,274
Telephone	29,785	23,952
Utilities	20,164	16,185
Workshops	23,023	27,868
	5,510,251	5,161,169
Operating reserve for year	\$ 318,031	327,056



MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure – grants and subsidy, programs and fund raising
For the year ended December 31, 2012

	2012	2011
Revenue		
Grants and subsidy		
Regional Municipality of Halton	\$ 1,567,633	1,495,465
Summer Career Placement	1,825	
United Way of Milton	16,125	15,000
Special purpose grants	45,943	70,498
Subtotal	1,631,526	1,580,963
Less unutilized capital grants	46,516	7,241
Add utilized capital grants	17,628	12,762
Total Grants and Subsidy	1,602,638	1,586,484
Programs		
Early learning and care	2,768,365	2,466,406
Family Resource program	105,921	96,459
Child Care directory and information line	3,682	5,730
Halton Resource Connection	59,318	61,657
Nursery School programs	206,375	162,116
Private Home Child Care program	242,618	309,660
Quality First	12,774	9,899
Rental income	42,300	34,410
Total Programs	3,441,353	3,146,337
Fund raising	82,322	64,569
Donations	4,103	3,275
	5,130,416	4,800,665
Expenditure		
Advertising and promotion	18,634	7,860
Amortization	40,701	26,208
Dues	10,625	5,402
Education	22,055	12,702
Fund raising	17,784	17,255
Insurance	13,443	12,042
Maintenance	52,742	35,718
Office and miscellaneous	132,045	98,043
Private Home Child Care Provider fees	204,822	261,005
Professional fees	20,104	18,195
Program supplies	263,701	260,354
Property tax	29,265	30,300
Rent	388,024	346,537
Salaries and benefits	3,019,432	2,811,378
Shared	424,833	335,435
Special purpose grants	45,943	70,498
Telephone	28,296	22,243
Utilities	13,909	11,168
Workshops	23,023	27,868
	4,769,381	4,410,211
Operating reserve for year	\$ 361,035	390,454



MILTON COMMUNITY RESOURCE CENTRE
Statement of revenue and expenditure – Early Years
For the year ended December 31, 2012

	2012	2011
Revenue		
Grants and subsidy		
Ministry of Children and Youth Services (MCYS)	\$ 669,092	670,784
Summer Career Placement	608	
Special purpose grants	28,166	16,776
	697,866	687,560
Expenditure		
Advertising and promotion	2,267	1,152
Dues	855	1,730
Education	2,972	2,096
Links 2 Care	180,000	180,000
Insurance	2,484	2,466
Maintenance	6,690	5,465
Office and miscellaneous	15,902	14,673
Professional fees	2,379	2,536
Program supplies	6,631	3,960
Property tax	13,254	14,100
Rent	126,157	126,721
Salaries and benefits	278,503	304,606
Shared	66,866	67,951
Special purpose grants	28,166	16,776
Telephone	1,489	1,709
Utilities	6,255	5,017
	740,870	750,958
Operating deficit for year	\$ (43,004)	(63,398)



MILTON COMMUNITY RESOURCE CENTRE

Statement of cash flows

For the year ended December 31, 2012

	2012	2011
Cash flows from (used in) operating activities		
Net operating reserve for year	\$ 318,031	327,056
Adjustments for		
Amortization of capital assets	40,701	26,208
Utilized capital grants	(17,628)	(12,762)
	341,104	340,502
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(14,462)	13,128
Decrease (increase) in prepaid expenses	9,218	(24,129)
(Decrease) increase in accounts payable and accrued liabilities	(23,464)	42,769
Increase in government remittances payable	5,802	5,057
Increase in unutilized grants and advance billings	22,767	9,915
Cash flows from operating activities	340,965	387,242
Cash flows from (used in) investing activities		
Acquisition of capital assets	(109,052)	(56,077)
Cash flows used in investing activities	(109,052)	(56,077)
Cash flows from (used in) financing activities		
Unutilized capital grants	46,516	7,241
Cash flows from financing activities	46,516	7,241
Net increase in cash during year	278,429	338,406
Cash and cash equivalents, beginning of year	751,129	412,723
Cash and cash equivalents, end of year	\$ 1,029,558	751,129
Cash and cash equivalents (Note 3(c))		
Cash	\$ 1,040,778	751,129
Bank overdraft	(11,220)	
	\$ 1,029,558	751,129



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2012

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. Impact of the change in basis of accounting

MCRC has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian generally accepted accounting principles.

These financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in first-time adoption, Section 1501, for first-time adopters of this basis of accounting.

A reconciliation of net assets as at January 1, 2011 and December 31, 2011 and operating reserve for the year ended December 31, 2011 has not been presented since there were no changes to original amounts reported in those years.

3. 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.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2012

3. Significant accounting policies – continued

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

e) Revenue recognition

Grants, subsidies and donations are deferred and recognized as revenue in the financial period in which the related expenses are incurred. Revenues from programs and fund raising 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 for financing future major repairs and replacements. Contributions are made to the reserve at the discretion of the board.

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.

4. 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.

MCRC has not designated any financial asset or financial liability to be measured at fair value.



MILTON COMMUNITY RESOURCE CENTRE

Notes to financial statements

As at December 31, 2012

4. Financial instruments – continued

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.

5. Capital assets

		2012		2011	
	Cost	Accumulated amortization	Net	Cost	Net
Furniture and equipment	\$ 106,739	39,573	67,166	58,648	58,648
Computer equipment	50,886	33,233	17,653	18,830	18,830
Playscape	56,562	39,593	16,969	28,281	28,281
Leasehold improvements	92,347	12,451	79,896	7,574	7,574
	\$ 306,534	124,850	181,684	113,333	113,333

Amortization recorded during the year amounted to \$40,701.

During the year, capital assets were acquired for cash at an aggregate cost of \$109,052.

6. 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, 2012

7. 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 and A516 all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract/CFSA approval.

8. 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.

9. Operating lease commitments

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

2013	\$	483,156
2014		440,198
2015		442,257
2016		444,316
2017		427,159
Thereafter		<u>1,387,629</u>
	\$	<u>3,624,715</u>

10. Income taxes

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

11. Economic dependence

MCRC is dependent primarily on funding from the Ministry of Children and Youth Services (MCYS) and The Regional Municipality of Halton in order to carry out its operations.

12. Comparative figures

Certain figures in the 2011 financial statements have been reclassified to conform with the basis of presentation used in 2012.

