MILTON COMMUNITY RESOURCE CENTRE

FINANCIAL STATEMENTS

AS AT

DECEMBER 31, 2023

Contents

GGW Glenn Graydon Wright LLP

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, 2023, 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, 2023 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:

John R. Nunnikhoven, CPA, CA **Anthony Falco**, CPA, CA **Atif Akhtar**, CPA, CA **Christopher J. Reinhardt**, CPA, CA

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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 28, 2024

MILTON COMMUNITY RESOURCE CENTRE

Balance sheet

As at December 31, 2023

		2023	2022
Assets			
Current assets			
Cash and cash equivalents	$	2,996,116	3,142,806
Short-term investments		745,173	212,574
Accounts receivable (Note 4)		249,645	324,109
Prepaid expenses		72,155	81,546
		4,063,089	3,761,035
Capital assets (Note 5)		184,539	263,954
	$	4,247,628	4,024,989
Liabilities and operating reserve			
Current liabilities			
Accounts payable and accrued liabilities	$	891,066	1,104,904
Government remittances payable		87,314	81,492
Unutilized grants and advance billings (Note 6)		915,819	601,310
		1,894,199	1,787,706
Long-term liabilities			
Unutilized capital grants (Note 7)		124,802	172,208
		2,019,001	1,959,914
Net assets			
Operating reserve		2,228,627	2,065,075
	$	4,247,628	4,024,989

Contingent liability (Note 8)

Approved by the Board

Director

Director

MILTON COMMUNITY RESOURCE CENTRE

Statement of changes in net assets
For the year ended December 31, 2023

		2023	2022
Operating reserve			
Balance, beginning of year	$	2,065,075	2,476,771
Operating surplus (deficit) reserve for year		163,552	(411,696)
Balance, end of year	$	2,228,627	2,065,075

MILTON COMMUNITY RESOURCE CENTRE

Statement of revenue and expenditure
For the year ended December 31, 2023

		2023	2022
Revenue			
Grants and subsidy			
Grants	$	5,692,059	3,984,710
Subsidies		1,169,900	1,103,184
Special purpose grants (Note 9)		491,340	681,661
Subtotal		7,353,299	5,769,555
Add utilized capital grants		54,932	38,777
Total grants and subsidy		7,408,231	5,808,332
Programs (Note 10)		4,116,065	4,978,247
Community agency rental		39,230	41,488
Donations		284	1,062
Fund raising		87,573	56,785
Interest income		144,081	41,374
		11,795,464	10,927,288
Expenditure			
Advertising and promotion		7,254	872
Amortization		95,492	91,345
Bank charges		62,683	75,570
Dues		7,449	6,489
Education		13,916	9,497
Fund raising		27,708	22,380
Insurance		45,914	44,143
Maintenance		186,665	106,134
Office and miscellaneous		48,381	72,099
Private Home Child Care Provider fees		190,850	73,821
Professional fees		25,581	87,870
Program supplies		523,567	452,077
Property tax		55,162	58,846
Rent		875,643	867,333
Salaries and benefits		7,541,607	7,300,430
Shared administration (Note 11)		1,172,436	1,142,885
Special purpose grants (Note 9)		491,340	681,661
Telephone		27,609	30,600
Utilities		26,755	26,545
Workshops		205,900	289,496
		11,631,912	11,440,093
Operating surplus (deficit) for year, before other		163,552	(512,805)
Other			
Government assistance		-	101,109
Operating surplus (deficit) reserve for year	$	163,552	(411,696)

MILTON COMMUNITY RESOURCE CENTRE

Statement of cash flows
For the year ended December 31, 2023

		2023	2022
Cash flows from (used in) operating activities			
Operating surplus (deficit) reserve for year	$	163,552	(411,696)
Adjustments for			
Amortization of capital assets		95,492	91,345
Amortization of unutilized capital grants		(54,932)	(38,777)
		204,112	(359,128)
Changes in non-cash working capital			
(Increase) decrease in short-term investments		(532,599)	1,029,454
Decrease in accounts receivable		74,464	97,249
Decrease in prepaid expenses		9,391	21,157
(Decrease) increase in accounts payable and accrued liabilities		(213,838)	803,054
Increase in government remittances payable		5,822	7,212
Increase in unutilized grants and advance billings		314,509	65,580
Cash flows (used in) from operating activities		(138,139)	1,664,578
Cash flows from (used in) investing activities			
Acquisition of capital assets		(16,077)	(94,314)
Cash flows used in investing activities		(16,077)	(94,314)
Cash flows from (used in) financing activities			
Increase in unutilized capital grants		7,526	80,537
Cash flows from financing activities		7,526	80,537
Net (decrease) increase in cash and cash equivalents during year		(146,690)	1,650,801
Cash and cash equivalents, beginning of year		3,142,806	1,492,005
Cash and cash equivalents, end of year	$	2,996,116	3,142,806

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.

2. 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) Short-term investments

The short-term investments are recorded at fair market value.

e) 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

Computer equipment
30% diminishing balance basis

Playscape
Straight-line basis over 5 years

Leasehold improvements
Straight-line basis over the remaining term of the lease

f) Allocation of expenses

MCRC 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 MCRC and each of the programs.

MCRC 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.

2. Significant accounting policies – continued

g) 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.

h) Unutilized grants and advance billings

Unutilized grants consist of grants received for program expenses incurred after December 31, 2023, and any excess amounts being returned. Advance billings consist of funds collected for program expenses incurred after December 31, 2023.

i) 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. However, 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.

MCRC'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.

3. Financial instruments – continued

b) Market risk – continued

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.

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.
- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.

4. Accounts receivable

		2023	2022
Accounts receivable	$	91,737	166,336
HST receivable		97,539	89,254
Halton Region CWELCC funding		60,369	59,665
Halton Region EYON funding		-	8,854
	$	249,645	324,109

5. Capital assets

		2023 Cost	2023 Accumulated amortization	2023 Net	2022 Net
Furniture and equipment	$	336,769	211,302	125,467	141,588
Computer equipment		125,655	112,134	13,521	19,317
Playscape		251,307	226,176	25,131	75,392
Leasehold improvements		232,227	211,807	20,420	27,657
	$	945,958	761,419	184,539	263,954

Amortization recorded during the year amounted to $95,492 (2022 - $91,345).

During the year, capital assets were acquired for cash at an aggregate cost of $16,077 (2022 - $94,314).

MILTON COMMUNITY RESOURCE CENTRE
Notes to financial statements
As at December 31, 2023

6. 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 and advanced billings.

Changes in the unutilized grants and advanced billings are as follows:

		2023	2022
Balance, beginning of year	$	601,310	535,730
Amount received in the year		7,712,605	5,868,731
Revenue recognized in the year		(7,408,231)	(5,808,332)
Balance, before advanced billings		905,684	596,129
Advanced billings		10,135	5,181
Balance, end of year	$	915,819	601,310

7. Unutilized capital grants

Unutilized capital grants represent the unamortized amount of grants received for the purchase of capital assets. The amortization of unutilized capital grants is recorded as revenue in the statement of revenue and expenditure.

Changes in the unutilized capital grants are as follows:

		2023	2022
Balance, beginning of year	$	172,208	130,448
Amount received in the year		7,526	80,537
Revenue recognized in the year		(54,932)	(38,777)
Balance, end of year	$	124,802	172,208

The above unutilized capital grants are comprised of the following:

		2023			2022
		Cost	Accumulated amortization	Net	Net
Furniture and equipment	$	146,849	69,872	76,977	90,596
Computer equipment		33,410	26,197	7,213	10,304
Playscape		157,718	132,350	25,368	50,737
Leasehold improvements		64,001	48,757	15,244	20,571
	$	401,978	277,176	124,802	172,208

8. Contingent liability

Management is aware of possible claims against MCRC 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 MCRC as management expects any loss related to possible claims to be covered by insurance.

9. Special purpose grants

Special purpose grants are made up of the following:

		2023	2022
Revenue			
Special purpose grants	$	491,340	681,661
Expenditure			
Maintenance		19,078	9,889
Office and miscellaneous		57,637	38,000
PL Symposium Day		246,512	-
Program supplies		95,919	55,148
Rebates to parents		4,510	578,624
Salesforce project		67,684	-
		491,340	681,661
Operating surplus for year	$	-	-

10. Programs

Programs are comprised of revenue received in regard to attending a child care program or other programs at one of eleven locations operated by MCRC.

		2023	2022
Infant, toddler and preschool	$	1,821,401	2,611,359
Before and after school		2,215,575	2,271,210
Family fun programs		63,748	72,340
Library revenue		15,341	23,338
	$	4,116,065	4,978,247

11. Allocation of expenses

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

		2023	2022
Advertising and promotion	$	1,110	1,528
Education		4,080	5,667
Maintenance		23,521	18,024
Office and miscellaneous		169,094	163,406
Salaries and benefits		946,073	926,426
Telephone		28,558	27,834
	$	1,172,436	1,142,885

12. Operating lease commitments

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

2024	$	718,582
2025		795,403
2026		809,247
2027		809,247
2028		743,136
Thereafter		687,279
	$	4,562,894

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 The Regional Municipality of Halton in order to carry out its operations.

15. Comparative figures

Certain figures in the 2022 financial statements have been reclassified to conform with the basis of presentation used in 2023.