

Oakville Parent Child Centre

Financial Statements

For the year ended March 31, 2018

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To the Board of Directors of the
Oakville Parent Child Centre

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Oakville Parent Child Centre, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets 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 audit 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Oakville Parent Child Centre derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of Oakville Parent Child Centre.

Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, deficiency of revenues over expenses, and cash flows from operations for the year ended March 31, 2018.



Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Oakville Parent Child Centre as at March 31, 2018 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.

June 18, 2018
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Oakville Parent Child Centre
Statement of Financial Position
March 31, 2018

Assets			
	2018		2017
			(Note 10)
Current assets			
Cash	\$ 274,432	\$	245,501
Short-term investments (Note 3)	179,731		177,247
Accounts receivable	24,445		26,667
Prepays and deposits	29,821		34,937
	508,429		484,352
Capital assets (Note 4)	16,304		7,159
	\$ 524,733	\$	491,511

Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 5)	\$ 80,307	\$	119,127
Deferred revenue - Grants	86,223		38,203
Deferred revenue - Fundraising and donations	8,989		11,387
Deferred revenue - Program and registration	80,840		100,700
Deferred lease inducements	44,840		48,248
	\$ 301,199	\$	317,665

Net Assets			
Net assets invested in capital assets (Note 7)	\$ 16,304	\$	7,159
Unrestricted net assets	207,230		166,687
	223,534		173,846
	\$ 524,733	\$	491,511

Approved on Behalf of the Board

 Director

 Director



Oakville Parent Child Centre

Statement of Operations

Year Ended March 31, 2018

	2018	2017 (Note 10)
Revenues		
Operating grants:		
Provincial Funding	\$ 493,590	\$ 658,119
Regional Municipality of Halton	307,610	166,217
United Way of Oakville	65,766	65,115
Other grants	101,203	74,794
	968,169	964,245
Program fees	567,576	605,499
Fundraising and donations	87,653	75,072
Amortization of deferred capital contributions (Note 6)	-	16,850
Other	4,722	5,055
	1,628,120	1,666,721
Expenses		
Salaries and wages	964,460	1,083,820
Occupancy costs	287,776	327,912
Trillium grant expenses	73,740	57,673
Employee benefits	62,702	70,350
Office equipment and supplies	49,526	42,895
Professional fees	42,618	19,964
Program equipment and supplies	32,418	26,574
Purchased client services	18,746	20,089
Fundraising expense	18,727	7,709
Advertising and promotion	10,574	9,177
Amortization	6,166	21,061
Training and development	5,425	2,424
Miscellaneous	4,912	3,383
Travel	642	1,101
	1,578,432	1,694,132
Excess (deficiency) of revenues over expenses	\$ 49,688	\$ (27,411)

Oakville Parent Child Centre
Statement of Changes in Net Assets
Year Ended March 31, 2018

	Invested in Capital Assets	Unrestricted	2018	2017 (Note 10)
Net assets, beginning of year	7,159	166,687	173,846	201,257
Excess (deficiency) of revenues over expenses	(6,166)	55,854	49,688	(27,411)
Interfund transfers (Note 7)	15,311	(15,311)	-	-
Net assets, end of year	16,304	207,230	223,534	173,846

Oakville Parent Child Centre

Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017 (Note 10)
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 49,688	\$ (27,411)
Charges not involving cash		
Amortization of capital assets	6,166	21,061
Amortization of deferred capital contributions	-	(16,850)
Net changes in lease inducement	(3,408)	48,248
	52,446	25,048
Net change in accounts receivable	2,222	15,200
Net change in prepaid expenses and deposits	5,116	(1,742)
Net change in accounts payable and accrued liabilities	(38,820)	(30,425)
Net change in other operating working capital balances	25,762	24,436
	46,726	32,517
Cash flows from investing activities		
Decrease (increase) in short-term investments	(2,484)	5,122
Purchase of capital assets	(15,311)	(1,079)
	(17,795)	4,043
Net increase in cash	28,931	36,560
Cash, beginning of year	245,501	208,941
Cash, end of year	\$ 274,432	\$ 245,501

Oakville Parent Child Centre

Notes to Financial Statements

Year Ended March 31, 2018

1. Nature of Operations

The Oakville Parent Child Centre (the "Centre") is a not-for-profit charitable organization, incorporated without share capital under the laws of Ontario on November 30, 1983. The Centre is a not-for-profit organization under the Canadian Income Tax Act and is exempt for income tax purposes provided certain requirements of the Canadian Income Tax Act are met. The Centre's mission is to support, nurture and empower children and their families as they learn and grow together.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Short-term investments

Investments with maturities less than one year are classified as short-term investments. Due to their short-term maturity the carrying value of short-term investments approximates fair value.

Financial instruments

The Centre's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. All financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Capital assets

Purchased capital assets are recorded at acquisition cost. Donated capital assets are recorded at fair value at the date of contribution. Amortization is provided as follows:

Computer equipment	2- 3 year straight-line
Furniture and fixtures	5 year straight-line
Leasehold improvements	Term of lease

Revenue recognition

The Centre's programs and operations are funded through various sources, including grants from The Regional Municipality of Halton (the "Region") and the United Way of Oakville and from revenue generated from its own fundraising activities and program fees. Effective January 1, 2018, the Centre is also an Ontario EarlyON centre funded by the Region. The funding provided by the Region is for the delivery of EarlyON programs only. This funding is provided pursuant to service contracts and agreements which provide restrictions on the use of the funds for qualified expenses and generally requires the Centre to repay contributions which are not spent by the end of the funding year. Prior to January 1, 2018, the Centre was an Ontario Early Years Centre, funded by the Province of Ontario, through the Ministry of Education.

Oakville Parent Child Centre
Notes to Financial Statements
Year Ended March 31, 2018

2. Significant accounting policies (cont'd.)

The Centre follows the deferral method of accounting for contributions, including income from donations and fundraising. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital 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.

Grants, program fees and registration fees received related to expenses to be incurred or programs to be run in future years are recorded as deferred revenue.

Use of estimates

The preparation of financial statements 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 expense during the period. Actual results could differ from those estimates.

3. Short-term investments

Short-term investments include guaranteed investment certificates with an average interest rate of 1.38% (2017 - 1.27%) with maturities less than one year.

4. Capital assets

	Cost	Accumulated Amortization	2018	2017
Computer equipment	\$ 35,687	\$ 33,273	\$ 2,414	\$ 1,015
Furniture and fixtures	46,882	43,577	3,305	6,144
Leasehold improvements	597,290	586,705	10,585	-
	<u>\$ 679,859</u>	<u>\$ 663,555</u>	<u>\$ 16,304</u>	<u>\$ 7,159</u>

5. Accounts payable and accrued liabilities

	2018	2017
Accounts payable and accrued liabilities	\$ 44,399	\$ 83,423
Government remittances payable	35,908	35,704
	<u>\$ 80,307</u>	<u>\$ 119,127</u>

Oakville Parent Child Centre
Notes to Financial Statements
Year Ended March 31, 2018

6. Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations. There were no deferred capital contributions received during 2018. The prior year activity was as follows:

	2017
Balance, beginning of year	\$ 16,850
Provincial Funding	(9,451)
Fundraising and donations	(7,399)
<hr/>	
Balance, end of year	\$ -

7. Invested in capital assets

a) Investment in capital assets is calculated as follows:

	2018	2017
Capital assets	\$ 16,304	\$ 7,159

b) The change in net assets invested in capital assets is as follows:

	2018	2017
Amortization of deferred capital contributions	\$ -	\$ 16,850
Amortization of capital assets	(6,166)	(21,061)
<hr/>		
	\$ (6,166)	\$ (4,211)

Interfund Transfers		
Purchase of capital assets	\$ 15,311	\$ 1,079

8. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

	2019	\$ 146,967
	2020	137,590
	2021	138,557
	2022	140,878
	2023	141,613
	Thereafter	143,300
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		\$ 848,905

Oakville Parent Child Centre
Notes to Financial Statements
Year Ended March 31, 2018

9. Financial instruments

The Centre's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. The carrying value of these instruments approximate their fair value due to the short-term nature of instruments.

Liquidity risk

The Centre's exposure to liquidity risk is dependent on the raising of funds to meet commitments, obligations, and sustaining operations. The Centre controls liquidity risk by management of working capital and cash flows.

Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant credit, interest, market, or currency risks.

10. Comparative information

The comparative figures for 2017 have been reclassified where necessary to conform with the 2018 financial statement presentation.