Oakville Parent Child Centre

Financial Statements

For the year ended December 31, 2022

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To the Board of Directors of
Oakville Parent Child Centre

Independent Auditors' Report

Qualified Opinion

We have audited the accompanying financial statements of Oakville Parent Child Centre (the Centre), which comprise the statement of financial position as at December 31, 2022, 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.

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 December 31, 2022 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the 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 the Centre.

Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, deficiency of revenues over expenses, and cash flows from operations for the year ended December 31, 2022.

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 Centre 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

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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 auditor's 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 Auditing Standards (CASs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Centre'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 Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Centre 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.

June 5, 2023
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

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Oakville Parent Child Centre

Statement of Financial Position

December 31, 2022

Assets

		2022		2021
Current assets				
Cash	$	**451,878**	$	423,502
Accounts receivable (Note 7)		**24,096**		50,813
Prepaids and deposits		**54,067**		36,956
		530,041		511,271
Capital assets (Note 3)		**44,848**		98,412
	$	**574,889**	$	609,683

Liabilities

Current liabilities				
Accounts payable and accrued liabilities	$	**79,296**	$	54,236
Deferred revenue - Grants		**93,729**		99,493
Deferred revenue - Fundraising and donations		**17,654**		17,296
Deferred revenue - Program and registration		**36,300**		28,709
Deferred lease inducements		**22,957**		27,956
		249,936		227,690
Deferred capital contributions (Note 4)		**44,799**		87,022
	$	**294,735**	$	314,712

Net Assets

Net assets invested in capital assets (Note 5)	$	**49**	$	11,390
Unrestricted net assets		**280,105**		283,581
		280,154		294,971
	$	**574,889**	$	609,683

Approved on Behalf of the Board

Board of Directors

Board of Directors

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Oakville Parent Child Centre

Statement of Operations

Year Ended December 31, 2022

	2022	2021
Revenues		
Operating grants:		
Regional Municipality of Halton	**$ 1,136,701**	$ 929,767
United Way	**59,630**	48,043
Other grants	**9,134**	-
	1,205,465	977,810
Program fees	**451,504**	329,583
Fundraising and donations	**10,726**	9,973
Amortization of deferred capital contributions (Note 4)	**42,223**	46,437
Federal government subsidies (Note 7)	**-**	294,814
Other	**508**	1,378
	1,710,426	1,659,995
Expenses		
Salaries, benefits and contractors	**1,178,817**	1,053,261
Occupancy costs	**277,368**	254,481
Office supplies	**78,742**	91,600
Professional fees	**67,252**	62,475
Amortization	**53,564**	56,502
Program supplies	**51,841**	33,245
Other	**12,430**	7,082
Advertising and promotion	**4,105**	1,579
Training and development	**1,124**	7,621
	1,725,243	1,567,846
Excess (deficiency) of revenues over expenses	**$ (14,817)**	$ 92,149

Oakville Parent Child Centre

Statement of Changes in Net Assets

Year Ended December 31, 2022

	Invested in Capital Assets (Note 5)	Unrestricted	2022	2021
Net assets, beginning of year	**11,390**	**283,581**	**294,971**	202,822
Excess (deficiency) of revenues over expenses	**(11,341)**	**(3,476)**	**(14,817)**	92,149
Net assets, end of year	**49**	**280,105**	**280,154**	294,971

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Oakville Parent Child Centre

Statement of Cash Flows

Year Ended December 31, 2022

		2022		2021
Cash flows from operating activities				
Excess (deficiency) of revenues over expenses	$	(14,817)	$	92,149
Charges not involving cash				
Amortization of capital assets		53,564		56,502
Amortization of deferred capital contributions		(42,223)		(46,437)
Net changes in lease inducement		(4,999)		(5,417)
		(8,475)		96,797
Net change in accounts receivable		26,717		76,214
Net change in prepaid expenses and deposits		(17,111)		(2,817)
Net change in accounts payable and accrued liabilities		25,060		2,378
Net change in other operating working capital balances		2,185		(17,066)
Cash flows from operating activities		28,376		155,506
Cash flows from investing activities				
Purchase of capital assets		-		(1,206)
Cash flows used in investing activities		-		(1,206)
Net increase in cash		28,376		154,300
Cash, beginning of year		423,502		269,202
Cash, end of year	$	451,878	$	423,502

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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 and continued under the Canada Not-for-profit Corporations Act on July 19, 2020. 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.

Financial instruments

The Centre's financial instruments consist of cash, 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

One-half the normal rate of amortization is provided for in the year of acquisition.

Revenue recognition

The Centre's programs and operations are funded through various sources, including grants, fundraising activities and program fees. The Centre is an Ontario EarlyON centre funded by the Regional Municipality of Halton (the "Region"). This funding agreement was extended until December 31, 2025. The funding is restricted for qualified expenses and generally requires the Centre to repay contributions which are not spent by the end of the funding year.

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.

2. Significant accounting policies (cont'd.)

Deferred Revenue

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.

Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized 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.

Income taxes

The Centre is a not-for-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Centre must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

Government assistance

The Centre recognizes government assistance when amounts are determinable and collection is reasonably assured. Government assistance received towards current expenses or revenues are included in the determination of excess (deficiency) of revenues over expenses for the period.

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. Capital assets

	Cost	Accumulated Amortization	2022	2021
Computer equipment	$ **120,587**	$ **107,778**	$ **12,809**	$ 28,810
Furniture and fixtures	**99,363**	**95,814**	**3,549**	12,622
Leasehold improvements	**738,098**	**709,608**	**28,490**	56,980
	$ **958,048**	$ **913,200**	$ **44,848**	$ 98,412

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4. Deferred capital contributions

	2022	2021
Opening balance	$ **87,022**	$ 133,459
Amounts amortized to revenue	**(42,223)**	(46,437)
	$ **44,799**	$ 87,022

5. Invested in capital assets

a) Investment in capital assets is calculated as follows:

	2022	2021
Capital assets	$ **44,848**	$ 98,412
Amounts financed by deferred capital contributions	**(44,799)**	(87,022)
	$ **49**	$ 11,390

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

	2022	2021
Amortization of deferred capital contributions	$ **42,223**	$ 46,437
Amortization of capital assets	**(53,564)**	(56,502)
	$ **(11,341)**	$ (10,065)
Interfund Transfers		
Purchase of capital assets	$ **-**	$ 1,206
Amounts funded by		
Deferred capital contributions	**-**	-
	$ **-**	$ 1,206

6. 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:

	Premises
2023	$ 208,882
2024	52,535
	$ 261,417

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7. Government assistance

Included as income in the previous period, the Centre recognized government assistance in the form of the Canadian Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS) and received $231,740 and $56,135, respecitvely. Included in accounts receivable in the prior year is $28,865 of government grants receivable from the CEWS and CERS programs. These programs ceased in 2022 and therefore no amount was received in the current year.

8. Financial risks

The Centre's activities expose it to liquidity risk. The Centre's overall management program and business practices seek to minimize any potential adverse effect of those risks on the Centre's results of operations. Risk management is carried out by the senior management team under policies approved by the Board of Directors. There has been no change to the risk exposures from 2021.

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 market, credit, interest, or currency risks.