

# Oakville Parent Child Centre

## Financial Statements

For the year ended March 31, 2016

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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, 2016 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, excess revenues over expenses, and cash flows from operations for the year ended March 31, 2016.

**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, 2016 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 28, 2016  
Burlington, Ontario

*SB Partners LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

**Oakville Parent Child Centre**  
**Statement of Financial Position**  
**March 31, 2016**

<b>Assets</b>			
	2016		2015
<b>Current assets</b>			
Cash	\$ 208,941	\$	115,611
Short-term investments (Note 3)	182,369		210,358
Accounts receivable	41,867		42,729
Prepays and deposits	33,195		31,598
	<b>466,372</b>		<b>400,296</b>
<b>Capital assets (Note 4)</b>	<b>27,141</b>		<b>68,507</b>
	<b>\$ 493,513</b>	\$	<b>468,803</b>

<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 149,552	\$	107,262
Deferred revenue - Grants	18,162		7,225
Deferred revenue - Fundraising and donations	7,746		15,465
Deferred revenue - Program and registration	99,946		105,057
	<b>275,406</b>		<b>235,009</b>
<b>Deferred capital contributions (Note 5)</b>	<b>16,850</b>		<b>52,144</b>
	<b>\$ 292,256</b>	\$	<b>287,153</b>

<b>Net Assets</b>			
<b>Net assets invested in capital assets (Note 6)</b>	<b>\$ 10,291</b>	\$	<b>16,363</b>
<b>Unrestricted net assets</b>	<b>190,966</b>		<b>165,287</b>
	<b>201,257</b>		<b>181,650</b>
	<b>\$ 493,513</b>	\$	<b>468,803</b>

Approved on Behalf of the Board

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director



# Oakville Parent Child Centre

## Statement of Operations

Year Ended March 31, 2016

	2016	2015
<b>Revenues</b>		
Operating grants:		
Provincial Funding	\$ 658,118	\$ 658,120
Regional Municipality of Halton	145,389	142,273
United Way of Oakville	65,115	65,773
Other grants	36,262	17,871
	<b>904,884</b>	884,037
Program fees	616,039	602,584
Fundraising and donations	84,983	63,477
Amortization of deferred capital contributions	35,294	35,293
Other	7,992	9,570
	<b>1,649,192</b>	1,594,961
<b>Expenses</b>		
Salaries and wages	1,081,923	1,038,623
Occupancy costs	303,798	300,638
Employee benefits	77,396	71,007
Amortization	41,366	40,768
Program equipment and supplies	37,856	35,964
Office equipment and supplies	35,841	38,746
Professional fees and services	15,372	9,766
Purchased client services	13,459	13,368
Advertising and promotion	10,100	8,476
Trillium grant expenses	5,257	-
Miscellaneous	3,545	3,976
Training and development	2,340	3,339
Travel	1,332	1,360
	<b>1,629,585</b>	1,566,031
<b>Excess of revenues over expenses</b>	<b>\$ 19,607</b>	<b>\$ 28,930</b>

**Oakville Parent Child Centre**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2016**

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	<b>Invested in Capital Assets</b>	<b>Unrestricted</b>	<b>2016</b>	<b>2015</b>
Net assets, beginning of year	16,363	165,287	181,650	152,720
Excess (deficiency) of revenues over expenses	(6,072)	25,679	19,607	28,930
<b>Net assets, end of year</b>	<b>10,291</b>	<b>190,966</b>	<b>201,257</b>	<b>181,650</b>

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# Oakville Parent Child Centre

## Statement of Cash Flows

Year Ended March 31, 2016

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	2016	2015
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 19,607	\$ 28,930
Charges not involving cash		
Amortization of capital assets	41,366	40,768
Amortization of deferred capital contributions	(35,294)	(35,293)
	<hr/>	<hr/>
	25,679	34,405
Net change in accounts receivable	862	(17,514)
Net change in prepaid expenses and deposits	(1,597)	206
Net change in accounts payable and accrued liabilities	42,290	2,193
Net change in other operating working capital balances	(1,893)	(939)
	<hr/>	<hr/>
Cash flows from operating activities	65,341	18,351
<b>Cash flows from investing activities</b>		
Decrease (increase) in short-term investments	27,989	(11,743)
Purchase of capital assets	-	(13,349)
	<hr/>	<hr/>
Cash flows from (used in) investing activities	27,989	(25,092)
<b>Net increase (decrease) in cash</b>	<b>93,330</b>	<b>(6,741)</b>
<b>Cash, beginning of year</b>	<b>115,611</b>	<b>122,352</b>
<b>Cash, end of year</b>	<b>\$ 208,941</b>	<b>\$ 115,611</b>

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# Oakville Parent Child Centre

## Notes to Financial Statements

Year Ended March 31, 2016

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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. 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 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.

#### Cash

Cash includes unrestricted cash on hand and balances with banks.

#### 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	3 year straight-line
Office furniture and equipment	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 and the United Way of Oakville and from revenue generated from its own fundraising activities and program fees. The Centre is also an Ontario Early Years Centre funded by the Province of Ontario, through the Ministry of Education (the "Ministry"). The funding provided by the Ministry is for the delivery of Ontario Early Years 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.

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



# Oakville Parent Child Centre

## Notes to Financial Statements

Year Ended March 31, 2016

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### 2. Significant accounting policies (cont'd.)

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 1.26% (2015 - 1.26%) with maturities less than one year.

### 4. Capital assets

	Cost	Accumulated Amortization	2016	2015
Computer equipment	\$ 32,527	\$ 32,012	\$ 515	\$ 1,030
Furniture and fixtures	46,882	39,202	7,680	10,639
Leasehold improvements	584,059	565,113	18,946	56,838
	<u>\$ 663,468</u>	<u>\$ 636,327</u>	<u>\$ 27,141</u>	<u>\$ 68,507</u>

### 5. 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.

	2016	2015
Balance, beginning of year	\$ 52,144	\$ 87,437
Provincial Funding	(18,905)	(18,905)
Fundraising and donations	(16,389)	(16,388)
Balance, end of year	<u>\$ 16,850</u>	<u>\$ 52,144</u>

# Oakville Parent Child Centre

## Notes to Financial Statements

Year Ended March 31, 2016

### 6. Invested in capital assets

a) Investment in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 27,141	\$ 68,507
Amounts financed by deferred capital contributions	(16,850)	(52,144)
	<u>\$ 10,291</u>	<u>\$ 16,363</u>

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

	2016	2015
Amortization of deferred capital contributions	\$ 35,294	\$ 35,293
Amortization of capital assets	(41,366)	(40,768)
	<u>\$ (6,072)</u>	<u>\$ (5,475)</u>

Interfund Transfers		
Purchase of capital assets	\$ -	\$ 13,349

### 7. 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:

	2017	\$ 284,679
	2018	235,990
	2019	134,496
	2020	10,491
		<u>\$ 665,656</u>

### 8. 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.