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**COLLEGE-MONTROSE CHILDREN'S  
PLACE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
College-Montrose Children's Place

We have audited the accompanying financial statements of College-Montrose Children's Place, which comprise the statement of financial position as at December 31, 2014, 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.

### *Auditor's 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, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue 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 donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

### *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 College-Montrose Children's Place as at December 31, 2014, 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.

### *Other Matter*

The financial statements of College-Montrose Children's Place as at and for the year ended December 31, 2013 were audited by another auditor who expressed a qualified opinion on those financial statements on June 11, 2014. The qualification related to the auditor's inability to satisfy themselves concerning the completeness of donation and fundraising revenue.

Pennylegion Chung LLP

Chartered Professional Accountants  
Licensed Public Accountants

May 27, 2015  
Toronto, Ontario

# COLLEGE-MONTROSE CHILDREN'S PLACE

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014	2013
<b>ASSETS</b>		
Current assets		
Cash	\$ 41,607	\$ -
Short-term investments (note 2)	355,034	285,720
Ontario Trillium Foundation capital funding receivable	-	159,160
Other grants receivable	45,617	40,422
Amounts receivable	20,376	5,321
HST recoverable	85,030	59,847
Prepaid expenses	<u>22,736</u>	<u>20,128</u>
	570,400	570,598
Long-term assets		
Capital assets (notes 3 and 13)	<u>442,452</u>	<u>466,722</u>
	<u>\$ 1,012,852</u>	<u>\$ 1,037,320</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Bank indebtedness (resulting from outstanding cheques)	\$ -	\$ 29,030
Accounts payable and accrued liabilities	77,848	114,198
Payroll source deductions payable	26,146	13,777
Deferred contributions (note 4)	141,565	129,158
Deferred relocation contributions (note 5)	<u>49,816</u>	<u>127,329</u>
	295,375	413,492
Deferred capital contributions (notes 6 and 13)	<u>442,452</u>	<u>466,722</u>
	<u>737,827</u>	<u>880,214</u>
Net assets		
Unrestricted	168,180	50,261
Designated (note 7)	<u>106,845</u>	<u>106,845</u>
	<u>275,025</u>	<u>157,106</u>
	<u>\$ 1,012,852</u>	<u>\$ 1,037,320</u>

Approved on behalf of the Board:

VF Stellingma, Director

[Signature], Director

see accompanying notes

**COLLEGE-MONTROSE CHILDREN'S PLACE**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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			<b>2014</b>	<b>2013</b>
	Designated	Unrestricted	Total	Total
Net assets, beginning of year	\$ 106,845	\$ 50,261	\$ 157,106	\$ 140,763
Excess of revenue over expenses for the year	<u>-</u>	<u>117,919</u>	<u>117,919</u>	<u>16,343</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 106,845</u>	<u>\$ 168,180</u>	<u>\$ 275,025</u>	<u>\$ 157,106</u>

see accompanying notes

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# COLLEGE-MONTROSE CHILDREN'S PLACE

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>REVENUE</b>		
Contributions (note 9)	\$ 949,971	\$ 949,345
Donations and fundraising	153,989	52,627
Capital contributions recognized (note 10)	111,300	4,158
Interest	<u>2,794</u>	<u>7,176</u>
	<u>1,218,054</u>	<u>1,013,306</u>
<b>EXPENSES</b>		
Personnel	631,875	669,847
Payments to partners	152,551	152,551
Occupancy (note 11)	87,174	59,052
Program	36,280	50,730
Professional fees	29,448	31,639
Fundraising	27,735	14,223
Administration	22,912	12,534
Staff travel and development	860	1,989
Amortization	<u>111,300</u>	<u>4,398</u>
	<u>1,100,135</u>	<u>996,963</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 117,919</u>	<u>\$ 16,343</u>

see accompanying notes

# COLLEGE-MONTROSE CHILDREN'S PLACE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>OPERATIONS</b>		
Excess of revenue over expenses for the year	\$ <u>117,919</u>	\$ <u>16,343</u>
Add back non-cash items -		
Amortization of capital assets	111,300	4,398
Capital grants recognized in year	(111,300)	(4,158)
Net change in non-cash working capital items (see below)	<u>69,822</u>	<u>97,251</u>
Net cash generated from (used for) operations	<u>187,741</u>	<u>113,834</u>
<b>INVESTING ACTIVITIES</b>		
Disposal (purchase) of short-term investments	(69,314)	44,401
Capital assets purchased	<u>(87,030)</u>	<u>(466,722)</u>
Net cash used for investing activities	<u>(156,344)</u>	<u>(422,321)</u>
<b>FINANCING ACTIVITIES</b>		
Capital contributions received	<u>39,240</u>	<u>189,152</u>
<b>NET CASH GENERATED (USED) IN THE YEAR</b>	70,637	(119,335)
Cash, (bank indebtedness) beginning of year	<u>(29,030)</u>	<u>90,305</u>
<b>CASH, (BANK INDEBTEDNESS) END OF YEAR</b>	<u>\$ 41,607</u>	<u>\$ (29,030)</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets		
Amounts receivable	\$ (15,055)	\$ 7,676
Ontario Trillium Foundation capital funding receivable	159,160	(159,160)
Other grants receivable	(5,195)	(5,558)
HST recoverable	(25,183)	(44,583)
Prepaid expenses	(2,608)	(329)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	(36,350)	67,663
Payroll source deductions payable	12,369	(859)
Deferred contributions	12,407	(172,498)
Deferred relocation contributions	<u>(29,723)</u>	<u>404,899</u>
	<u>\$ 69,822</u>	<u>\$ 97,251</u>

see accompanying notes

# COLLEGE-MONTROSE CHILDREN'S PLACE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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College-Montrose Children's Place (the organization) is incorporated without share capital in the Province of Ontario. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

College-Montrose Children's Place is a family support program that addresses the changing needs of diverse families. The organization creates connections between children, parents, grandparents and other caregivers in local neighbourhoods with focus on:

- Supporting healthy child development
- Promoting healthy families
- Breaking down isolation
- Fostering mutual aid and peer support
- Strengthening parenting knowledge and skills
- Valuing inclusion and harmony

In partnership with families and the community the organization provides safe, stimulating learning environments and opportunities for children, parents and caregivers. College-Montrose Children's Place is an open collaborative organization that values and respects the unique needs and strengths of all families.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

##### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

##### *Contributed materials and services*

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

##### *Interest income*

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

# COLLEGE-MONTROSE CHILDREN'S PLACE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Leasehold improvements	- 5 years, straight line
Appliances	- 5 years, straight-line
Furniture and equipment	- 5 years, straight-line

### 2. SHORT-TERM INVESTMENTS

Short-term investments comprise the following:

	2014	2013
Guaranteed investment certificates	\$ 203,956	\$ 156,082
Mutual funds	<u>151,078</u>	<u>129,638</u>
	<u>\$ 355,034</u>	<u>\$ 285,720</u>

Short-term investments are issued by major Canadian chartered banks and bear interest rates ranging from 0.95% to 1.95%.

### 3. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	Cost	Accumulated Amortization	2014 Net	2013 Net
Leasehold improvements	\$ 504,358	\$ (100,000)	\$ 404,358	\$ 421,637
Appliances	27,461	(5,500)	21,961	27,461
Furniture and equipment	<u>72,920</u>	<u>(56,787)</u>	<u>16,133</u>	<u>17,624</u>
	<u>\$ 604,739</u>	<u>\$ (162,287)</u>	<u>\$ 442,452</u>	<u>\$ 466,722</u>

# COLLEGE-MONTROSE CHILDREN'S PLACE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### 4. DEFERRED CONTRIBUTIONS

The following amounts have been deferred at the year end:

	2014	2013
Donations	\$ 100,000	\$ 100,000
United Way of Greater Toronto (UWGT)		
Success by Six	21,604	21,604
One-time	-	5,000
Ontario Trillium Foundation	17,322	-
Toronto Children's Services	<u>2,639</u>	<u>2,554</u>
Deferred contributions, end of year	<u>\$ 141,565</u>	<u>\$ 129,158</u>

Continuity of deferred contributions for the year is as follows:

	2014	2013
Deferred contributions, beginning of year	\$ 129,158	\$ 24,086
Cash received from UWGT Success by Six and One-time funding, Toronto Children's Services and Ontario Trillium Foundation	114,516	201,701
UWGT Success by Six and One-time funding, and Toronto Children's Services revenue recognized (note 9)	<u>(102,109)</u>	<u>(96,629)</u>
Deferred contributions, end of year	<u>\$ 141,565</u>	<u>\$ 129,158</u>

### 5. DEFERRED RELOCATION CONTRIBUTIONS

Prior to 2014, the organization received contributions for the purpose of funding costs associated with relocation to its current space. This funding was initially deferred and is recognized as revenue as relocation expenses are incurred. The continuity of deferred relocation contributions for the year is as follows:

	2014	2013
Deferred relocation contributions, beginning of year	\$ 127,329	\$ 277,570
Amounts reclassified to deferred capital contributions (note 6)	(47,790)	(277,570)
Relocation contributions received	-	127,329
Amounts reclassified to deferred contributions (note 4)	(17,322)	-
Less deferred relocation contributions recognized (note 9)	<u>(12,401)</u>	<u>-</u>
Deferred relocation contributions, end of year	<u>\$ 49,816</u>	<u>\$ 127,329</u>

# COLLEGE-MONTROSE CHILDREN'S PLACE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### 6. DEFERRED CAPITAL CONTRIBUTIONS

Capital contributions from the following sources have been deferred at year end:

	2014	2013
Ontario Trillium Foundation	<u>\$ 184,078</u>	<u>\$ 233,361</u>
Matching funds:		
Foundations, corporations and individuals	164,078	233,361
City of Toronto	<u>20,000</u>	<u>-</u>
Total matching funds	<u>184,078</u>	<u>233,361</u>
Other	<u>74,296</u>	<u>-</u>
Deferred capital contributions, end of year	<u>\$ 442,452</u>	<u>\$ 466,722</u>

Continuity of deferred capital contributions for the year is as follows:

	2014	2013
Deferred capital contributions, beginning of year	\$ 466,722	\$ 4,158
Amounts reclassified from deferred relocation contributions (note 5)	47,790	277,570
Capital contributions received	39,240	189,152
Less capital contribution revenue recognized (note 9)	<u>(111,300)</u>	<u>(4,158)</u>
Deferred capital contributions, end of year	<u>\$ 442,452</u>	<u>\$ 466,722</u>

### 7. DESIGNATED NET ASSETS

Designated net assets are restricted for contingency purposes.

### 8. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, short-term investments, grants receivable, amounts receivable, accounts payable and accrued liabilities.

Short-term investments comprise guaranteed investment certificates and mutual funds. Guaranteed investment certificates are recorded at cost plus accrued interest income. Mutual funds are recorded at market value. Grants receivable, amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities. Fluctuations in market interest rates do not affect future cash flows from the organization's guaranteed investment certificates.

# COLLEGE-MONTROSE CHILDREN'S PLACE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### 9. CONTRIBUTION REVENUE

Contribution revenue for the year is as follows:

	2014	2013
Ontario Early Years Centre		
Ontario Ministry of Education	\$ 454,285	\$ -
Ontario Ministry of Children and Youth Services	151,425	605,710
United Way of Greater Toronto		
Member Allocation	134,420	134,480
Success by Six (note 4)	86,413	86,413
One-time (note 4)	5,000	-
City of Toronto		
Investing in Neighbourhoods Subsidies	52,322	57,760
Toronto Children's Services (note 4)	10,696	10,216
Human Resources and Skills Development Canada	24,650	23,655
Other agencies	16,864	28,940
Deferred relocation contributions recognized (note 5)	12,401	-
Other	<u>1,495</u>	<u>2,171</u>
	<u>\$ 949,971</u>	<u>\$ 949,345</u>

### 10. CAPITAL CONTRIBUTIONS RECOGNIZED

Capital contributions recognized in the year are as follows:

	2014	2013
Ontario Trillium Foundation	\$ 46,200	\$ -
Matching funds:		
Foundations, corporations and individuals	41,200	-
City of Toronto	5,000	-
Other	<u>18,900</u>	<u>4,158</u>
	<u>\$ 111,300</u>	<u>\$ 4,158</u>

# COLLEGE-MONTROSE CHILDREN'S PLACE

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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### 11. OCCUPANCY COSTS

Occupancy costs for the year are as follows:

	2014	2013
Rent:		
Program	\$ 65,164	\$ 38,749
Administration	18,025	12,635
Repair and maintenance and other	<u>3,985</u>	<u>7,668</u>
	<u>\$ 87,174</u>	<u>\$ 59,052</u>

### 12. LEASE COMMITMENTS

The organization leases program and office space. Minimum lease payments over the term of the lease are as follows:

2015	\$ 92,244
2016	92,244
2017	92,244
2018	92,244

### 13. PRIOR PERIOD ADJUSTMENTS

#### Capital assets

The organization records capital assets at cost less accumulated amortization. Amortization expense is recorded annually at rates calculated to write-off the assets over their estimated useful lives. For the year ended December 31, 2013, the organization recorded capital asset purchases of \$466,722 as both an increase to capital assets in the statement of financial position and as an expense of \$466,722 in the statement of operations (the full amount of capital assets purchased). The error has been corrected resulting in a \$466,722 reduction to total expenses for the year ended December 31, 2013.

#### Contributions received for the purposes of funding capital assets

The organization follows the deferral method of revenue recognition for contributions. Under the deferral method, externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized. For the year ended December 31, 2013, the organization recorded capital contributions received of \$466,722 as both deferred capital contributions in the statement of financial position and as capital contribution revenue in the statement of operations. The error has been corrected resulting in a \$466,722 reduction to total revenue for the year ended December 31, 2013.

The corrections of the above errors have been applied retrospectively to December 31, 2013. The total corrections have not changed the excess of revenue over expenses as originally reported for the year ended December 31, 2013.

### 14. COMPARATIVE AMOUNTS

Certain comparative amounts as at December 31, 2013 and for the year then ended have been reclassified to conform with the current year's financial statement presentation.