
**COLLEGE-MONTROSE CHILDREN'S
PLACE**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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, 2017, 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 organization'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 organization'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, 2017, 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 6, 2018
Toronto, Ontario

COLLÈGE-MONTROSE CHILDREN'S PLACE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
Current assets		
Cash	\$ 273,541	\$ 206,924
Short-term investments (note 3)	338,207	335,062
Grants receivable	6,364	5,736
Other amounts receivable	4,673	3,951
HST rebate recoverable	21,664	10,249
Prepaid expenses	<u>25,817</u>	<u>21,914</u>
	670,266	583,836
Long-term assets		
Capital assets (note 4)	<u>108,552</u>	<u>219,852</u>
Total assets	<u>\$ 778,818</u>	<u>\$ 803,688</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 56,688	\$ 75,085
Payroll source deductions payable	4,173	4,386
Deferred contributions (note 6)	196,529	71,603
Deferred relocation contributions (note 7)	<u>8,484</u>	<u>31,712</u>
	265,874	182,786
Long-term liabilities		
Deferred capital contributions (note 8)	<u>108,552</u>	<u>219,852</u>
Total liabilities	<u>374,426</u>	<u>402,638</u>
Net assets		
Unrestricted	297,547	294,205
Designated (note 5)	<u>106,845</u>	<u>106,845</u>
Total net assets	<u>404,392</u>	<u>401,050</u>
	<u>\$ 778,818</u>	<u>\$ 803,688</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

COLLEGE-MONTROSE CHILDREN'S PLACE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017			2016
	Designated	Unrestricted	Total	Total
Net assets, beginning of year	\$ 106,845	\$ 294,205	\$ 401,050	\$ 302,567
Excess of revenue over expenses for the year	<u>-</u>	<u>3,342</u>	<u>3,342</u>	<u>98,483</u>
NET ASSETS, END OF YEAR	<u>\$ 106,845</u>	<u>\$ 297,547</u>	<u>\$ 404,392</u>	<u>\$ 401,050</u>

see accompanying notes

COLLEGE-MONTROSE CHILDREN'S PLACE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
REVENUE		
Contributions		
Government funding (note 9)	\$ 707,821	\$ 705,806
United Way Toronto & York Region (note 10)	220,833	220,833
Capital contributions recognized (note 12)	111,300	111,300
Donations	84,063	85,417
Other (note 11)	44,660	30,018
Fundraising	120,204	137,097
Interest	<u>3,281</u>	<u>3,307</u>
	<u>1,292,162</u>	<u>1,293,778</u>
EXPENSES		
Personnel	755,433	698,581
Payments to partners	152,551	152,551
Occupancy (note 13)	114,731	105,801
Program	60,630	28,960
Professional fees	35,063	38,978
Administration	30,112	25,842
Fundraising	26,951	31,080
Staff travel and development	2,049	2,202
Amortization	<u>111,300</u>	<u>111,300</u>
	<u>1,288,820</u>	<u>1,195,295</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 3,342</u>	<u>\$ 98,483</u>

see accompanying notes

COLLEGE-MONTROSE CHILDREN'S PLACE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	<u>\$ 3,342</u>	<u>\$ 98,483</u>
Add back non-cash items -		
Amortization of capital assets	111,300	111,300
Capital contributions recognized in year	(111,300)	(111,300)
Net change in non-cash working capital items (see below)	<u>66,421</u>	<u>4,221</u>
Net cash generated from operating activities	<u>69,763</u>	<u>102,704</u>
INVESTING ACTIVITIES		
Redemption (purchase) of short-term investments	<u>(3,146)</u>	<u>96,779</u>
NET CASH GENERATED IN THE YEAR	66,617	199,483
Cash, beginning of year	<u>206,924</u>	<u>7,441</u>
CASH, END OF YEAR	<u>\$ 273,541</u>	<u>\$ 206,924</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets		
Grants receivable	\$ (628)	\$ 6,526
Other amounts receivable	(722)	3,418
HST rebate recoverable	(11,415)	32,152
Prepaid expenses	(3,903)	620
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	(18,396)	(110)
Payroll source deductions payable	(213)	1,425
Deferred contributions	124,926	(27,565)
Deferred relocation contributions	<u>(23,228)</u>	<u>(12,245)</u>
	<u>\$ 66,421</u>	<u>\$ 4,221</u>

see accompanying notes

COLLEGE-MONTROSE CHILDREN'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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 restricted 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 are recorded as revenue when received.

Contributed materials and services

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

Fundraising

Fundraising revenue includes event ticket sales and sponsorships. Event ticket sales and sponsorship revenue are recorded in the same period as the related event takes place.

Interest

Interest income from cash, guaranteed investment certificates and high interest savings accounts is recognized as revenue when earned.

COLLEGE-MONTROSE CHILDREN'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

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

Short-term investments comprise guaranteed investment certificates and high interest savings accounts. Guaranteed investment certificates are recorded at cost plus accrued interest income. Grants receivable, other 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.

3. SHORT-TERM INVESTMENTS

Short-term investments comprise the following:

	2017	2016
High interest savings accounts	\$ 285,030	\$ 282,679
Guaranteed investment certificates	<u>53,177</u>	<u>52,383</u>
	<u>\$ 338,207</u>	<u>\$ 335,062</u>

Short-term investments are issued by major Canadian chartered banks. Guaranteed investment certificates bear interest at rates ranging from 1.15% to 2.00% and mature in January 2018.

4. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2017 Net	2016 Net
Leasehold improvements	\$ 504,358	\$ (401,268)	\$ 103,090	\$ 204,358
Appliances	27,461	(21,999)	5,462	10,961
Furniture and equipment	<u>46,405</u>	<u>(46,405)</u>	<u>-</u>	<u>4,533</u>
	<u>\$ 578,224</u>	<u>\$ (469,672)</u>	<u>\$ 108,552</u>	<u>\$ 219,852</u>

COLLEGE-MONTROSE CHILDREN'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

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5. DESIGNATED NET ASSETS

Designated net assets are internally restricted for contingency purposes.

6. DEFERRED CONTRIBUTIONS

Deferred contributions at year end are as follows:

	2017	2016
Toronto Children's Services	\$ 149,926	\$ -
Donations	25,000	50,000
United Way Toronto & York Region (UWTYR) Success by Six	<u>21,603</u>	<u>21,603</u>
	<u>\$ 196,529</u>	<u>\$ 71,603</u>

Continuity of deferred contributions for the year is as follows:

	2017	2016
Deferred contributions, beginning of year	\$ 71,603	\$ 99,168
Amounts reclassified to deferred relocation contributions (note 7)	-	(3,055)
Cash received from UWTYR Success by Six, Toronto Children's Services and restricted donations	223,843	73,289
UWTYR Success by Six, Toronto Children's Services and restricted donation revenue recognized (notes 9 and 10)	<u>(98,917)</u>	<u>(97,799)</u>
Deferred contributions, end of year	<u>\$ 196,529</u>	<u>\$ 71,603</u>

7. DEFERRED RELOCATION CONTRIBUTIONS

Prior to 2014, the organization received contributions for the purpose of funding costs associated with relocation to its current space. The continuity of deferred relocation contributions for the year is as follows:

	2017	2016
Deferred relocation contributions, beginning of year	\$ 31,712	\$ 43,957
Relocation contributions received	-	(3,055)
Amounts reclassified from deferred contributions (note 6)	-	3,055
Less deferred relocation contributions recognized (note 11)	<u>(23,228)</u>	<u>(12,245)</u>
Deferred relocation contributions, end of year	<u>\$ 8,484</u>	<u>\$ 31,712</u>

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8. DEFERRED CAPITAL CONTRIBUTIONS

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

	2017	2016
Ontario Trillium Foundation	<u>\$ 45,478</u>	<u>\$ 91,678</u>
Matching funds:		
Foundations, corporations and individuals	40,478	81,678
City of Toronto	<u>5,000</u>	<u>10,000</u>
Total matching funds	<u>45,478</u>	<u>91,678</u>
Other	<u>17,596</u>	<u>36,496</u>
	<u>\$ 108,552</u>	<u>\$ 219,852</u>

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

	2017	2016
Deferred capital contributions, beginning of year	\$ 219,852	\$ 331,152
Less capital contribution revenue recognized (note 12)	<u>(111,300)</u>	<u>(111,300)</u>
Deferred capital contributions, end of year	<u>\$ 108,552</u>	<u>\$ 219,852</u>

9. GOVERNMENT FUNDING

Government funding recognized in the year is as follows:

	2017	2016
Ontario Early Years Centre (OEYC)		
Ontario Ministry of Education	\$ 605,706	\$ 605,710
City of Toronto		
Investing in Neighbourhoods Subsidies	48,743	50,404
Toronto Children's Services (note 6)	12,504	11,386
Human Resources and Skills Development Canada	<u>40,868</u>	<u>38,306</u>
	<u>\$ 707,821</u>	<u>\$ 705,806</u>

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10. UNITED WAY TORONTO & YORK REGION FUNDING

United Way Toronto & York Region funding for the year is as follows:

Member Allocation	\$ 134,420	\$ 134,420
Success by Six (note 6)	<u>86,413</u>	<u>86,413</u>
	<u>\$ 220,833</u>	<u>\$ 220,833</u>

11. OTHER CONTRIBUTIONS

Other contribution revenue recognized in the year is as follows:

Deferred relocation contributions recognized (note 7)	\$ 23,228	\$ 12,245
OEYC partners	18,432	14,773
Other	<u>3,000</u>	<u>3,000</u>
	<u>\$ 44,660</u>	<u>\$ 30,018</u>

12. CAPITAL CONTRIBUTIONS RECOGNIZED

Capital contributions recognized in the year are as follows:

	2017	2016
Ontario Trillium Foundation	\$ 46,200	\$ 46,200
Matching funds:		
Foundations, corporations and individuals	41,200	41,200
City of Toronto	5,000	5,000
Other	<u>18,900</u>	<u>18,900</u>
	<u>\$ 111,300</u>	<u>\$ 111,300</u>

13. OCCUPANCY COSTS

Occupancy costs for the year are as follows:

	2017	2016
Rent:		
Program	\$ 72,669	\$ 72,630
Administration	18,167	18,103
Repair and maintenance and other	<u>23,895</u>	<u>15,068</u>
	<u>\$ 114,731</u>	<u>\$ 105,801</u>

COLLEGE-MONTROSE CHILDREN'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

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14. LEASE COMMITMENT

The organization leases program and office space in Toronto, Ontario. Minimum annual lease payments over the term of the lease are as follows:

2018	\$ 116,000
2019	121,000
2020	126,000
2021	131,000

15. COMPARATIVE AMOUNTS

Certain comparative amounts for the year ended December 31, 2016 have been reclassified to conform with the current year's financial statement presentation.