
**COLLEGE-MONTROSE CHILDREN'S
PLACE**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of College-Montrose Children's Place,

Qualified Opinion

We have audited the financial statements of College-Montrose Children's Place (the organization), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of College-Montrose Children's Place as at December 31, 2019 and 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 organization derives revenue from donation and fundraising revenue, 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization 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 the 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 organization 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.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

April 29, 2020
Toronto, Ontario

COLLEGE-MONTROSE CHILDREN'S PLACE

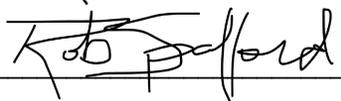
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
Current assets		
Cash	\$ 356,482	\$ 362,650
Short-term investments (note 3)	245,242	241,584
Amounts receivable	41,405	8,524
HST rebate recoverable	9,958	22,120
Prepaid expenses	<u>26,622</u>	<u>24,156</u>
Total assets	<u>\$ 679,709</u>	<u>\$ 659,034</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 83,416	\$ 52,149
Payroll source deductions payable	14,207	930
Deferred contributions (note 4)	<u>125,812</u>	<u>162,908</u>
Total liabilities	<u>223,435</u>	<u>215,987</u>
Net assets		
Unrestricted	92,274	79,047
Internally restricted (note 5)	<u>364,000</u>	<u>364,000</u>
Total net assets	<u>456,274</u>	<u>443,047</u>
	<u>\$ 679,709</u>	<u>\$ 659,034</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, 2019

	2019			2018
	Internally Restricted	Unrestricted	Total	Total
Net assets, beginning of year	\$ 364,000	\$ 79,047	\$ 443,047	\$ 404,392
Excess of revenue over expenses for the year	<u>-</u>	<u>13,227</u>	<u>13,227</u>	<u>38,655</u>
NET ASSETS, END OF YEAR	<u>\$ 364,000</u>	<u>\$ 92,274</u>	<u>\$ 456,274</u>	<u>\$ 443,047</u>

see accompanying notes

COLLEGE-MONTROSE CHILDREN'S PLACE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUE		
Contributions		
Government (note 6)	\$ 755,729	\$ 748,453
United Way Greater Toronto (UWGT) (note 7)	210,833	213,330
Donations	53,378	88,588
Other	22,500	3,000
Capital contributions recognized (note 8)	-	108,552
Fundraising and other	123,436	138,285
Interest	<u>5,524</u>	<u>3,522</u>
	<u>1,171,400</u>	<u>1,303,730</u>
EXPENSES		
Personnel	817,640	760,005
Payments to partners	102,902	126,043
Occupancy (note 9)	115,620	107,905
Program	45,085	67,924
Professional fees	31,220	31,734
Administration	28,707	26,684
Fundraising	10,803	33,031
Staff travel and development	6,196	3,197
Amortization	<u>-</u>	<u>108,552</u>
	<u>1,158,173</u>	<u>1,265,075</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 13,227</u>	<u>\$ 38,655</u>

see accompanying notes

COLLEGE-MONTROSE CHILDREN'S PLACE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 13,227	\$ 38,655
Add back non-cash items -		
Amortization of capital assets	-	108,552
Capital contributions recognized in year	-	(108,552)
Net change in non-cash working capital items (see below)	<u>(15,737)</u>	<u>(46,169)</u>
Net cash used for operating activities	<u>(2,510)</u>	<u>(7,514)</u>
INVESTING ACTIVITIES		
Redemption (purchase) of short-term investments	<u>(3,658)</u>	<u>96,623</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(6,168)	89,109
Cash, beginning of year	<u>362,650</u>	<u>273,541</u>
CASH, END OF YEAR	<u><u>\$ 356,482</u></u>	<u><u>\$ 362,650</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets		
Amounts receivable	\$ (32,880)	\$ 2,513
HST rebate recoverable	12,162	(456)
Prepaid expenses	(2,467)	1,662
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	31,266	(4,540)
Payroll source deductions payable	13,277	(3,243)
Deferred contributions	<u>(37,095)</u>	<u>(42,105)</u>
	<u><u>\$ (15,737)</u></u>	<u><u>\$ (46,169)</u></u>

see accompanying notes

COLLEGE-MONTROSE CHILDREN'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019

2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, short-term investments, 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, which approximates fair value. 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.

3. SHORT-TERM INVESTMENTS

Short-term investments comprise the following:

	2019	2018
High interest savings account	\$ 190,530	\$ 187,563
Guaranteed investment certificates	<u>54,712</u>	<u>54,021</u>
	<u>\$ 245,242</u>	<u>\$ 241,584</u>

Guaranteed investment certificates, which are issued and held by a major Canadian credit union, bear interest at rates ranging from 1.40% to 1.60% and mature between January 2020 and January 2021.

4. DEFERRED CONTRIBUTIONS

Deferred contributions at year end are as follows:

	2019	2018
City of Toronto		
EarlyON	\$ 120,461	\$ -
Toronto Children's Services (TCS)	-	154,424
Other	<u>5,351</u>	<u>8,484</u>
	<u>\$ 125,812</u>	<u>\$ 162,908</u>

Continuity of deferred contributions for the year is as follows:

	2019	2018
Deferred contributions, beginning of year	\$ 162,908	\$ 205,013
Cash received from UWGT and TCS	803,787	618,817
UWGT and TCS revenue recognized (notes 6 and 7)	<u>(840,883)</u>	<u>(660,922)</u>
Deferred contributions, end of year	<u>\$ 125,812</u>	<u>\$ 162,908</u>

5. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors established internally restricted net assets for contingency purposes. The Board has set a goal of a minimum of three months of operating expenses for these net assets. During the year, no funds were transferred from unrestricted net assets to net assets internally restricted for contingency purposes (\$257,155 transferred in 2018).

COLLEGE-MONTROSE CHILDREN'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. GOVERNMENT FUNDING

Government funding recognized in the year is as follows:

	2019	2018
City of Toronto		
Toronto Children's Services (note 4)	\$ 630,050	\$ 664,319
Investing in Neighbourhoods Subsidies	62,038	38,019
Health and Safety funding	12,067	-
Employment and Social Development Canada	<u>51,574</u>	<u>46,115</u>
	<u>\$ 755,729</u>	<u>\$ 748,453</u>

7. UNITED WAY GREATER TORONTO FUNDING

United Way Greater Toronto funding for the year is as follows:

	2019	2018
Community Services Sector Program	\$ 210,833	\$ 158,125
Member Allocation	-	33,602
Success by Six (note 4)	<u>-</u>	<u>21,603</u>
	<u>\$ 210,833</u>	<u>\$ 213,330</u>

8. CAPITAL CONTRIBUTIONS RECOGNIZED

Capital contributions recognized in the year are as follows:

	2019	2018
Matching funds:		
Foundations, corporations and individuals	\$ -	\$ 40,478
City of Toronto	-	5,000
Ontario Trillium Foundation	-	45,478
Other	<u>-</u>	<u>17,596</u>
	<u>\$ -</u>	<u>\$ 108,552</u>

9. OCCUPANCY COSTS

Occupancy costs for the year are as follows:

	2019	2018
Rent	\$ 115,308	\$ 107,786
Repairs and maintenance	<u>312</u>	<u>119</u>
	<u>\$ 115,620</u>	<u>\$ 107,905</u>

COLLEGE-MONTROSE CHILDREN'S PLACE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

10. LEASE COMMITMENT

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

2020	\$ 131,000
2021	136,000
2022	141,000
2023	146,000
2024	151,000

11. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. This presents uncertainty regarding the organization's future cash flows. The impact of social distancing may significantly impact the organization's future operations. On March 13, 2020, the Government of Ontario ordered all licensed child care centres to close and the organization has not resumed operations at this time. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.