

**The East End Child/Parent Development
Centre of Metro Toronto**

Financial Statements

December 31, 2022



Independent Auditor's Report

To the Members of

The East End Child/Parent Development Centre of Metro Toronto

Qualified Opinion

We have audited the financial statements of **The East End Child/Parent Development Centre of Metro Toronto** (the Organization), which comprise the statement of financial position as at **December 31, 2022**, the statement of operations, cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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 the Organization as at December 31, 2022, and its financial performance 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 East End Child/Parent Development Centre of Metro Toronto** derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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.

The East End Child/Parent Development Centre of Metro Toronto

Independent Auditor's Report

Page 2

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. 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 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.

Clarkson Rouble LLP

Mississauga, Ontario
April 4, 2023

Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants

The East End Child/Parent Development Centre of Metro Toronto

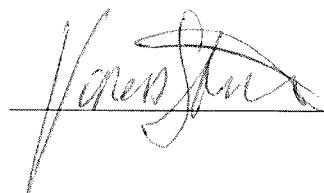
Statement of Financial Position

As at December 31

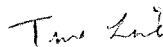
	2022	2021
Assets		
Current		
Cash	\$ 132,944	\$ 74,404
Short term investments (Note 3)	70,172	68,780
Accounts receivable	6,263	3,276
Prepaid expenses	2,929	2,803
	\$ 212,308	\$ 149,263
Liabilities		
Current		
Accounts payable and accruals	\$ 28,964	\$ 22,210
Deferred revenues (Note 4)	73,024	14,820
	101,988	37,030
Net assets		
Unrestricted net assets	110,320	112,233
	\$ 212,308	\$ 149,263

See accompanying notes to financial statements

On behalf of the Board:



Director



Director

The East End Child/Parent Development Centre of Metro Toronto

Statement of Operations Year Ended December 31

	2022	2021
Revenue		
City of Toronto (Note 6)	\$ 261,008	\$ 271,094
City of Toronto - other	1,425	-
Government of Canada: Summer Career Placement	12,133	3,629
Donations	30,600	3,068
Fundraising	1,285	-
Rebates and other income	-	267
Interest	1,435	1,643
	<u>307,886</u>	<u>279,701</u>
Expenses		
Salaries and benefits	234,323	203,412
Occupancy	42,806	45,002
Professional fees	9,443	7,323
Program	11,811	13,635
Office and general	4,194	4,401
Training and travel	1,200	65
Insurance	3,779	3,392
Communications	1,256	1,176
Fundraising	887	-
Memberships	100	100
	<u>309,799</u>	<u>278,506</u>
(Deficiency) excess of revenue over expenses	(1,913)	1,195
Unrestricted net assets, beginning of year	112,233	111,038
Unrestricted net assets, end of year	\$ 110,320	\$ 112,233

See accompanying notes to financial statements

The East End Child/Parent Development Centre of Metro Toronto

Statement of Cash Flows Year Ended December 31

	2022	2021
Operating activities		
(Deficiency) excess of revenue over expenses	\$ (1,913)	\$ 1,195
Net change in working capital items		
Operating working capital		
Account receivable	(2,987)	10,756
Prepaid expenses	(126)	(345)
Accounts payable	6,754	(17,628)
Deferred revenues	58,204	(9,260)
Increase (decrease) from operating activities	59,932	(15,282)
Investing activity		
Increase in short term investments	(1,392)	(2,780)
Decrease from investing activity	(1,392)	(2,780)
Net increase (decrease) in cash	58,540	(18,062)
Cash, beginning of year	74,404	92,466
Cash, end of year	\$ 132,944	\$ 74,404

See accompanying notes to financial statements

The East End Child/Parent Development Centre of Metro Toronto

Notes to Financial Statements

December 31, 2022

The East End Child/Parent Development Centre of Metro Toronto is a registered charity providing opportunities and places for families to meet and play and to provide relevant parenting information and services. It was incorporated without share capital in Ontario by letters patent dated August 15, 1986 and was registered as a charitable organization at the same time.

1. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting principles for not-for-profit organizations in Part III of the CPA Canada Handbook. Outlined below are those policies considered to be particularly significant:

a) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Special events revenue is recognized on completion of the event.

Investment income is recognized on an accrual basis.

b) Capital assets

Capital assets are expensed in the year of acquisition in accordance with the exemption allowed under Section 4420 of the Canadian Institute of Chartered Accountants Handbook for not-for-profit organizations with gross revenues less than \$500,000. Capital assets owned by the organization include program equipment and toys, office equipment and computers.

c) Donated materials and services

Volunteers contribute many hours per year to assist The East End Child/Parent Development Centre of Metro Toronto in carrying out its mandate. Because of the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with financial institutions.

The East End Child/Parent Development Centre of Metro Toronto

Notes to Financial Statements

December 31, 2022

1. Summary of significant accounting policies (continued)

e) Financial Instruments

Financial instruments

The organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The company subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and deferred revenue.

The organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

f) Measurement uncertainty

The preparation of financial instruments in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable and accrued liabilities. Actual results could differ from those estimates.

2. Credit facility

The organization has a credit facility that provides an operating loan to a maximum of \$20,000. The operating loan, when drawn bears interest and is due on demand. The organization has no outstanding balance against the operating loan as of December 31, 2022 (2021 - \$Nil). The organizations credit facility is secured by a general security agreement.

The East End Child/Parent Development Centre of Metro Toronto

Notes to Financial Statements December 31, 2022

3. Short term investments

Short term investments consist of various guaranteed investment certificates bearing interest from 1.60% to 2.25% and have maturity dates from March 2, 2023 to June 15, 2023.

4. Deferred contributions

Deferred contributions represent unspent externally restricted donations received by the organization relating to activities of the subsequent year or specific projects which extend beyond the current fiscal year.

	2022	2021
Balance, beginning of year	\$ 14,820	\$ 24,080
Deferred revenue taken into income in the year	(6,343)	(16,602)
Revenue received during the year, not spent at year end	64,577	7,342
	<hr/>	<hr/>
Balance, end of year	\$ 73,054	\$ 14,820

5. Financial Instruments risk exposure

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relates to accounts receivable, however, the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The organization has not had issues with these collections over the past several years. The allowance for doubtful accounts is \$Nil (2021 - \$Nil).

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable. The organization expects to meet these obligations as they come due through sufficient cash flow from operations. The organization has not had issues with meeting obligations in the past several years.

The East End Child/Parent Development Centre of Metro Toronto

Notes to Financial Statements December 31, 2022

5. Financial Instruments risk exposure (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is not exposed to significant market risk.

6. City of Toronto funding from Children's Services Division

The contract with the City of Toronto Children's Services Division requires that the organization provides a breakdown of revenues and expenses for the Family Resource Centre Programs by location. The following is the breakdown for the two sites operated by The East End Child/Parent Development Centre of Metro Toronto.

	2022	2021
Revenue		
Core Funding	\$ 258,308	\$ 254,492
One-Time Grant	2,700	-
Safe Restart Fund	-	16,602
Other	6,519	2,324
	<hr/>	<hr/>
	267,527	273,418
	<hr/>	<hr/>
Expenses		
Staff Salaries	164,105	145,892
Benefits	18,008	18,533
Admin Salaries	26,514	26,514
Contracted Admin	1,200	1,000
Program	5,596	8,734
Food	3,171	1,706
Rent	40,072	39,104
Utilities and maintenance	281	898
Insurance	3,779	3,392
Office	3,739	4,720
Professional fees	9,380	6,323
One-Time Grant expense	2,680	-
Safe Restart Fund Expenditures	-	16,602
	<hr/>	<hr/>
	278,525	273,418
	<hr/>	<hr/>
Net loss	\$ (10,998)	\$ -