

FINANCIAL STATEMENTS
For
PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.
For year ended
MARCH 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Parent Preschool Resource Centre of the National Capital Region Inc. (the Centre), which comprise the statement of financial position as at March 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2021 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.

Basis for Opinion

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 Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 opinion.

Other Matter

The financial statements of the Centre for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 19, 2020.

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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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.

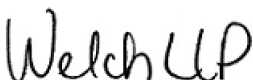
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Centre'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 Centre'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 Centre 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.

Supplementary financial information

The supplementary financial information presented on page 12 was derived from the underlying accounting and other records used to prepare the financial statements. The other information is presented only for the purposes of additional information, are not a required part of the financial statements and are marked as unaudited. Such supplementary information is the responsibility of management.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
August 24, 2021.

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

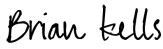
STATEMENT OF FINANCIAL POSITION

MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 582,990	\$ 453,744
Marketable securities	10,374	10,274
Accounts receivable	564	713
HST receivable	9,395	18,339
Prepaid expenses	<u>4,609</u>	<u>3,751</u>
	607,932	486,821
CAPITAL ASSETS (note 4)	<u>70,980</u>	<u>92,988</u>
	<u>\$ 678,912</u>	<u>\$ 579,809</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 42,706	\$ 40,968
Deferred revenue	1,283	20,161
Deferred contributions (note 5)	<u>354,466</u>	<u>277,448</u>
	398,455	338,577
LOAN PAYABLE (note 6)	40,000	-
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 7)	<u>68,192</u>	<u>87,765</u>
	506,647	426,342
NET ASSETS		
Unrestricted	<u>172,265</u>	<u>153,467</u>
	<u>\$ 678,912</u>	<u>\$ 579,809</u>

Approved by the Board:

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Director

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Director

(See accompanying notes)

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Net assets, beginning of year	\$ 153,467	\$ 142,212
Excess of revenue over expenses	<u>18,798</u>	<u>11,255</u>
Net assets, end of year	<u>\$ 172,265</u>	<u>\$ 153,467</u>

(See accompanying notes)

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.**STATEMENT OF OPERATIONS****YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
Revenue		
Contributions		
City of Ottawa	\$ 807,175	\$ 955,687
Ministry of Children, Community and Social Services	120,606	120,606
Grants	44,116	-
Government subsidy (note 8)	14,145	-
Donations and fundraising	9,458	1,342
Fee for service	6,499	34,050
Other	<u>1,538</u>	<u>7,154</u>
	<u>1,003,537</u>	<u>1,118,839</u>
Expenses		
Salaries and benefits	728,098	802,375
IT and equipment	51,061	61,718
Program supplies	50,610	36,836
Rent	36,041	44,457
Amortization of capital assets	26,656	17,560
Repairs and maintenance	14,229	25,878
Professional development	14,165	16,558
Advertising and promotion	11,585	8,013
Office	11,015	29,156
Professional fees	10,250	13,579
Contracted services	7,444	17,775
Telecommunications	7,202	5,534
Insurance	6,693	5,996
Travel	2,757	10,784
Memberships and licenses	2,516	4,303
Bank fees	2,299	3,545
Utilities	<u>2,118</u>	<u>3,517</u>
	<u>984,739</u>	<u>1,107,584</u>
Excess of revenue over expenses	<u>\$ 18,798</u>	<u>\$ 11,255</u>

(See accompanying notes)

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 18,798	\$ 11,255
Items not involving cash:		
Amortization of capital assets	26,656	17,560
Amortization of deferred contributions related to capital assets	<u>(24,755)</u>	<u>(3,449)</u>
	20,699	25,366
Changes in non-cash components of working capital:		
Accounts receivable	149	9,045
HST receivable	8,944	(5,006)
Prepaid expenses	(858)	4,696
Accounts payable and accrued liabilities	1,738	(37,514)
Deferred contributions	77,018	29,830
Deferred revenue	<u>(18,878)</u>	<u>(1,733)</u>
	<u>88,812</u>	<u>24,684</u>
INVESTING ACTIVITIES		
Purchase of term deposit	(10,374)	(10,274)
Proceeds from disposal of term deposit	10,274	10,000
Acquisition of capital assets	<u>(4,648)</u>	<u>(99,999)</u>
	<u>(4,748)</u>	<u>(100,273)</u>
FINANCING ACTIVITIES		
Loan proceeds received	40,000	-
Additions to deferred contributions related to capital assets	<u>5,182</u>	<u>-</u>
	<u>45,182</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	129,246	(75,589)
CASH, BEGINNING OF YEAR	<u>453,744</u>	<u>529,333</u>
CASH, END OF YEAR	<u>\$ 582,990</u>	<u>\$ 453,744</u>

(See accompanying notes)

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED MARCH 31, 2021****1. NATURE OF OPERATIONS**

Parent Preschool Resource Centre of the National Capital Region Inc. (the "Centre") operates programs that provide support through information, education and outreach services to parents and caregivers of Children living in the Ottawa area and to professionals within the family resource field.

The Centre was incorporated without share capital as a not-for-profit organization on December 23, 1976 under the Ontario Corporations Act. The Centre is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.

2. SIGNIFICANT ACCOUNTING POLICIES*Basis of accounting*

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Centre follows the deferral method of accounting for restricted contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. 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.

Fee for service revenue is recognized as revenue when the related service has been provided.

Measurement of financial instruments

The Centre initially measures its financial assets and financial liabilities at fair value and, with the exception of cash, subsequently measures them at cost or amortized cost. Cash is subsequently measured at fair value.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following methods:

Computer equipment and software	3 year declining balance
Office equipment	5 years straight-line
Telephone equipment	10 years straight-line

Contributed materials and services

Contributed materials which are used in the normal course of the Centre's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution. For the year ended March 31, 2021, there were no contributed materials recognized.

Volunteers contribute many hours per year to assist the Centre in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributions

Contributions received are subject to specific terms and conditions regarding the expense of the funds. The Centre's records are subject to audit to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which, therefore would be refundable. Adjustments to prior years' contributions are recorded in the year in which the funder requests the adjustment.

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.****YEAR ENDED MARCH 31, 2021****2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.***Use of estimates*

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 revenue and expenses during the year. Significant estimates include collectibility of accounts receivable, the useful life of capital assets and the determination of accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

3. FINANCIAL INSTRUMENTS

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centre's risk exposure and concentrations at March 31, 2021.

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 Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre's maximum exposure to credit risk is the sum of the carrying value of its cash and its receivables. The Centre's cash is deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. The Centre manages its accounts receivable by having set credit policies and by its review and follow up of aged receivables. Management believes that all accounts receivable at year end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Centre will encounter if it has difficulty in meeting obligations associated with its financial liabilities. The Centre manages liquidity risk through its cash flow budgeting process. The Centre believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid.

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 is comprised of interest rate risk, currency risk and other price risk.

i) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. The Centre believes it is not exposed to significant interest rate risk on its fixed interest rate financial instruments, as this risk is limited to its investments in guaranteed investment certificates.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Centre operates entirely in Canadian dollars and as a result, management does not believe that it is exposed to significant currency risk.

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2021

3. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Cont'd.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Since the Centre does not have investments in publicly traded securities, it is not exposed to other price risk.

Changes in risk

There were no significant changes in the Centre's risk exposures from the previous year.

4. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Computer equipment	\$ 54,804	\$ 33,193	\$ 49,622	\$ 21,044
Office equipment	65,774	19,732	65,774	6,577
Software	10,349	10,349	10,349	10,349
Telephone equipment	<u>18,862</u>	<u>15,535</u>	<u>18,862</u>	<u>13,649</u>
	149,789	<u>\$ 78,809</u>	144,607	<u>\$ 51,619</u>
Accumulated amortization	<u>78,809</u>		<u>51,619</u>	
	<u>\$ 70,980</u>		<u>\$ 92,988</u>	

5. DEFERRED CONTRIBUTIONS

Deferred contributions represents funds received in the current year to cover operating expenses in the subsequent year. The variations in the balance of deferred contributions is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 277,448	\$ 331,934
Contributions received in the year	1,024,160	1,046,033
Recognized as revenue in the year	(947,142)	-
Returned to funder in the year	<u>-</u>	<u>(39,899)</u>
Balance, end of year	<u>\$ 354,466</u>	<u>\$ 277,448</u>

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.****YEAR ENDED MARCH 31, 2021****6. LOAN PAYABLE**

During the year, the Centre received a \$40,000 loan under the provisions of the Canada Emergency Business Account ("CEBA"). The program was launched by the Government of Canada to provide financing to qualifying small businesses and not-for-profit organizations to ease the financial strain experienced as a result of the COVID-19 pandemic.

The loan, which was provided by Scotiabank, is non-interest bearing, unsecured and guaranteed by the Government of Canada. Repayment of principal is not required before December 31, 2022 and loan payments can be made at any time without fees or penalties. If the Centre has paid 75% of the loan amount prior to December 31, 2022, the lender will forgive the remaining \$10,000 balance of the loan.

Any outstanding balance remaining at January 1, 2023 will be converted into a 3-year term loan bearing interest at a rate of 5% per annum, payable monthly. Any remaining balance on the loan will be repayable in full on December 31, 2025.

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represents contributions received for capital assets and contributions relating to the acquisition of software. The variations in the balance of deferred contributions related to capital assets is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 87,765	\$ 3,449
Contributions received in the year	5,182	99,989
Amortized to operations	<u>(24,755)</u>	<u>(15,673)</u>
Balance, end of year	<u>\$ 68,192</u>	<u>\$ 87,765</u>

8. GOVERNMENT SUBSIDY

In March of 2020, the Government of Canada announced that they would be providing emergency funding in response to measures various organizations were required to take regarding the spread of the COVID-19 pandemic.

The amount of subsidies attributable to the Centre's March 31, 2021 and March 31, 2020 fiscal years are reported below:

	<u>2021</u>	<u>2020</u>
Canada Temporary Wage Subsidy (TWS) program	<u>\$ 14,145</u>	<u>\$ -</u>

9. ECONOMIC DEPENDENCE

The Centre receives 94% (2020 - 96%) of its revenues from various levels of government. Should this funding not be continued or it can't be replaced, the Centre wouldn't be able to continue its operations at the current level.

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.****YEAR ENDED MARCH 31, 2021****10. COMMITMENTS***Rental of space for operation of the Centre*

The Centre has entered into an agreement with the City of Ottawa Non-Profit Housing Corporation for the rental of space. The lease has an initial term of thirty-five years, which expires September 30, 2028. Rent for the initial term shall be comprised of basic rent of \$200,000 amortized over the thirty-five year term, additional rent being the Centre's proportionate share of the operating costs of the property and interest on the unpaid balance of the original \$200,000 basic rent. The balance of unamortized base rent as at March 31, 2021 is \$48,140 (2020 - \$55,514). The lease also allows for the Centre to prepay the basic rent without penalty. The lease will automatically terminate if the Centre ceases to exist as a non-share capital corporation or is no longer eligible for government funding. The Centre may renew this lease thereafter annually, for basic rent of \$1. The future minimum lease payments, including estimated operating costs, over the next five years are as follows:

2022	\$ 40,677
2023	40,677
2024	40,677
2025	40,677
2026	<u>40,677</u>
	<u>\$ 203,385</u>

Lease of photocopier

On August 28, 2020, the Centre entered into a lease agreement with Konica Minolta for the rental of a photocopier, with lease ending March 31, 2026. The future minimum payments including estimated operating costs, are as follows:

2022	\$ 6,005
2023	6,005
2024	6,005
2025	6,005
2026	<u>6,005</u>
	<u>\$ 30,025</u>

11. COVID-19

In mid-March of 2020, the Government of Canada declared a state of emergency in response to the public health concerns from the spread of COVID-19. As a result, the Centre's employees continue to work from home and services have been adapted to conform to public health guidance.

At the time of issuance of these financial statements, a high degree of overall economic uncertainty remains and the impact this will have on the Centre's operations is not yet known.

12. COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

SCHEDULE OF REVENUES AND EXPENSES

MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES - SERVICE CONTRACT/CFSA APPROVAL
NUMBER C100265 (Unaudited)

YEAR ENDED MARCH 31, 2021

	<u>Allocated Central Administration</u>	<u>Community Programs - Child and Family Intervention</u>	<u>Community Capacity Building</u>	<u>Total 2021</u>	<u>Total 2020</u>
Contributions					
Ministry of Children, Community and Social Services subsidy	\$ -	\$ 100,081	\$ 20,525	\$ 120,606	\$ 120,606
Expenses					
Salaries and benefits	12,060	71,219	18,465	101,744	101,293
Training	-	17	-	17	850
Building occupancy	-	5,978	-	5,978	6,028
Travel and communication	-	2,124	-	2,124	2,547
Supplies and equipment	-	7,577	-	7,577	4,745
Other program/service expenditure	-	3,166	-	3,166	5,143
Professional/contracted IT services	-	-	-	-	-
Insurance	-	-	-	-	-
Other services	-	-	-	-	-
Other supplies and equipment	-	-	-	-	-
Allocated central administration	<u>(12,060)</u>	<u>10,000</u>	<u>2,060</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>100,081</u>	<u>20,525</u>	<u>120,606</u>	<u>120,606</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>