F I N A N C I A L S T A T E M E N T S

For

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

For year ended

MARCH 31, 2022

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, 2022, 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, 2022 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.

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.

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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 23, 2022.

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 459,479	$ 582,990
Marketable securities	10,375	10,374
Accounts receivable	-	564
HST receivable	8,936	9,395
Prepaid expenses	4,889	4,609
	483,679	607,932
CAPITAL ASSETS (note 4)	53,478	70,980
	$ 537,157	$ 678,912
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 47,934	$ 42,706
Deferred revenue	1,273	1,283
Deferred contributions (note 5)	249,202	354,466
	298,409	398,455
LOAN PAYABLE	-	40,000
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 6)	54,361	68,192
	352,770	506,647
NET ASSETS		
Unrestricted	184,387	172,265
	$ 537,157	$ 678,912

Approved by the Board:

DocuSigned by:
Brian Kells
13BA1797717C413... .... Director

DocuSigned by:
Umar Tahir
D498FB934C8A47D... .... Director

(See accompanying notes)

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2022

	2022	2021
Net assets, beginning of year	$ 172,265	$ 153,467
Excess of revenue over expenses	12,122	18,798
Net assets, end of year	$ 184,387	$ 172,265

(See accompanying notes)

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022

	2022	2021
Revenue		
Contributions		
City of Ottawa	$ 652,165	$ 807,175
Ministry of Children, Community and Social Services	120,606	120,606
Ontario Trillium Foundation	106,389	9,702
Ottawa Community Foundation	60,111	4,047
Grants	-	30,367
Government subsidy (note 7)	10,000	14,145
Other	4,587	1,538
Donations and fundraising	3,273	9,458
Fee for service	-	6,499
	957,131	1,003,537
Expenses		
Salaries and benefits	722,689	728,098
IT and equipment	44,283	51,061
Rent	43,473	36,041
Amortization of capital assets	29,879	26,656
Program supplies	28,683	50,610
Repairs and maintenance	18,853	14,229
Professional fees	10,992	10,250
Office	8,515	11,015
Professional development	8,377	14,165
Insurance	7,429	6,693
Contracted services	6,927	7,444
Telecommunications	5,420	7,202
Utilities	2,399	2,118
Bank fees	2,230	2,299
Advertising and promotion	2,065	11,585
Memberships and licenses	1,621	2,516
Travel	1,174	2,757
	945,009	984,739
Excess of revenue over expenses	$ 12,122	$ 18,798

(See accompanying notes)

PARENT PRESCHOOL RESOURCE CENTRE OF THE NATIONAL CAPITAL REGION INC.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 12,122	$ 18,798
Items not involving cash:		
Amortization of capital assets	29,879	26,656
Amortization of deferred contributions related to capital assets	(29,879)	(24,755)
Increase in marketable securities	(1)	(100)
Forgivable portion of loan	(10,000)	-
	2,121	20,599
Changes in non-cash components of working capital:		
Accounts receivable	564	149
HST receivable	459	8,944
Prepaid expenses	(280)	(858)
Accounts payable and accrued liabilities	5,228	1,738
Deferred contributions	(105,264)	77,018
Deferred revenue	(10)	(18,878)
	(97,182)	88,712
INVESTING ACTIVITIES		
Acquisition of capital assets	(12,377)	(4,648)
	(12,377)	(4,648)
FINANCING ACTIVITIES		
Loan proceeds received (paid)	(30,000)	40,000
Additions to deferred contributions related to capital assets	16,048	5,182
	(13,952)	45,182
INCREASE (DECREASE) IN CASH	(123,511)	129,246
CASH, BEGINNING OF YEAR	582,990	453,744
CASH, END OF YEAR	$ 459,479	$ 582,990

(See accompanying notes)

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, 2022, 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. Revenue from the amortization of deferred contributions and deferred contributions related to capital assets is presented on the statement of operations by contributing organization. Adjustments to prior years' contributions are recorded in the year in which the funder requests the adjustment.

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 amounts 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, 2022.

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 amounts 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.

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:

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	$ 66,732	$ 48,508	$ 54,804	$ 33,193
Office equipment	66,556	32,965	65,774	19,732
Software	10,349	10,349	10,349	10,349
Telephone equipment	18,862	17,199	18,862	15,535
	162,499	$ 109,021	149,789	$ 78,809
Accumulated amortization	109,021		78,809	
	$ 53,478		$ 70,980	

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:

	2022	2021
Balance, beginning of year	$ 354,466	$ 277,448
Contributions received in the year	804,578	1,024,160
Recognized as revenue in the year	(909,842)	(947,142)
Balance, end of year	$ 249,202	$ 354,466

6. 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:

	2022	2021
Balance, beginning of year	$ 68,192	$ 87,765
Contributions received in the year	16,048	5,182
Amortized to operations	(29,879)	(24,755)
Balance, end of year	$ 54,361	$ 68,192

7. GOVERNMENT SUBSIDY

In March 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.

In 2021, 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, was non-interest bearing, unsecured and guaranteed by the Government of Canada. Repayment of the principal was not required before December 31, 2023 and loan payments could be made at any time without fees or penalties. The Centre repaid 75% of the loan, in this case $30,000, prior to December 31, 2023, resulting in the lender to forgive the remaining $10,000 balance of the loan. As a result, no further amounts are owed under the CEBA program as at March 31, 2022.

The amount of subsidies attributable to the Centre’s March 31, 2022 and March 31, 2021 fiscal years are reported below:

	2022	2021
Canada Emergency Business Account (CEBA) program	$ 10,000	$ -
Canada Temporary Wage Subsidy (TWS) program	-	14,145
	$ 10,000	$ 14,145

8. ECONOMIC DEPENDENCE

The Centre receives 93% (2021 - 94%) 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.

9. COMMITMENTS

Rental of space for operation of the Centre

The Centre has entered into an agreement with Ottawa Community Housing 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, 2022 is $40,678 (2021 - $48,140). 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:

2023	$ 48,868
2024	48,868
2025	48,868
2026	48,868
2027	48,868
	$ 244,340

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:

2023	$ 6,005
2024	6,005
2025	6,005
2026	6,005
	$ 24,020

10. 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 within a hybrid model of work at the Centre and remote work. Services continue to be adapted to conform to public health guidance.

11. 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, 2022

	Allocated Central Administration	Community Programs - Child and Family Intervention	Community Capacity Building	Total 2022	Total 2021
Contributions					
Ministry of Children, Community and Social Services subsidy	$ -	$ 100,081	$ 20,525	$ 120,606	$ 120,606
Expenses					
Salaries and benefits	12,060	74,385	18,465	104,910	101,744
Training	-	150	-	150	17
Building occupancy	-	7,175	-	7,175	5,978
Travel and communication	-	-	-	-	2,124
Supplies and equipment	-	5,930	-	5,930	7,577
Other program/service expenditure	-	2,441	-	2,441	3,166
Allocated central administration	(12,060)	10,000	2,060	-	-
	-	100,081	20,525	120,606	120,606
Excess of revenue over expenses	$ -	$ -	$ -	$ -	$ -