THE TORONTO CHILD – PARENT DEVELOPMENT CENTRE

(Operating as The Children's Storefront)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2021

THE TORONTO CHILD – PARENT DEVELOPMENT CENTRE

(Operating as The Children's Storefront)

DECEMBER 31, 2021

CONTENTS

To the Directors of
The Toronto Child – Parent Development Centre
(Operating as The Children's Storefront)

Qualified Opinion

I have audited the accompanying financial statements of Toronto Child – Parent Development Centre (o/a The Children's Storefront) which comprise of the statement of financial position as at December 31, 2021 and the statements of operations, changes in net assets and statement of cash flows for the year then ending, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions and fundraising referred to in the following paragraph, these financial statements present fairly, in all material respects, the financial position of Toronto Child – Parent Development Centre (o/a The Children's Storefront)as at December 31, 2021 and the results of its operations and cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

In common with many charitable organizations, Toronto Child – Parent Development Centre (o/a The Children's Storefront) derives a portion of its income from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets, and unrestricted net assets.

Responsibilities of Management and Those Charged with Governance 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.

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 a 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.

<u>Auditor's Responsibilities for the Audit of the Financial Statements</u>

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.**

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jeffrey D. Milgram, CPA, CA, LPA.

Matter of Emphasis

As further detailed in Note 11 of these financial statements, the Organization temporarily ceased operations effective March 13, 2020 in response to the Coronavirus -19 (Covid-19) pandemic. While the centre has remained closed since that date to all in-person services, it has moved all programming to an on-line format.

JEFFREY D. MILGRAM PROFESSIONAL CORPORATION
Authorized to practise public accounting by
The Institute of Chartered Professional Accountants of Ontario

TORONTO, ONTARIO
FEBRUARY XX, 2022

THE TORONTO CHILD – PARENT DEVELOPMENT CENTRE
(Operating as The Children's Storefront)

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021 $	2020 $
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	315,353	324,133
Government receivables (Note 4)	7,510	10,382
Prepaids and sundry receivables	5,659	6,749
	328,522	341,264
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	7,545	-
LONG TERM		
Canadian Emergency Business Account loan (Note 5)	37,704	39,081
DEFERRED REVENUE		
Deferred contributions pertaining to operations (Note 6)	5,613	12,788
	50,862	51,869
NET ASSETS		
Operating Fund - unrestricted	31,650	104,567
Capital Reserve - asset replacement	246,010	184,828
	277,660	289,395
	328,522	341,264

APPROVED BY THE BOARD:

____________________ DIRECTOR ________________ DATE

____________________ DIRECTOR ________________ DATE

The accompanying notes are an integral part of these financial statements.

THE TORONTO CHILD – PARENT DEVELOPMENT CENTRE

(Operating as The Children's Storefront)

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating Fund $	Capital Reserve $	2021 $	2020 $
Balance, beginning of year	104,567	184,828	289,395	218,815
Excess of (expenditures over revenues) revenues over expenditures for the year	(11,735)	-	(11,735)	70,580
Transfers	(61,182)	61,182	-	-
Balance, end of year	31,650	246,010	277,660	289,395

The accompanying notes are an integral part of these financial statements.

THE TORONTO CHILD – PARENT DEVELOPMENT CENTRE

(Operating as The Children's Storefront)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 $	2020 $
REVENUE		
Grants		
• Federal - Canada Emergency Business Account (Note 5)	1,378	21,182
• Federal – Canada Emergency Wage Subsidy (Note 7)	-	29,332
• City of Toronto - Resource grant (Note 8)	188,949	216,122
• City of Toronto – Safe Restart Funding grant (Note 9)	7,175	-
Other - local fundraising	510	1,563
Donations	5,202	6,429
Interest and other	7,100	2,298
	210,314	276,926
EXPENSES		
Building occupancy (Note 9&12)	63,679	60,343
Office and administration (Note 12)	11,233	9,633
Utilities/maintenance/minor capital expenditures	8,097	4,623
Program supplies (Note 12)	11,588	7,041
Salaries and benefits (Note 12)	127,452	124,706
	222,049	206,346
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	(11,735)	70,580

The accompanying notes are an integral part of these financial statements.

THE TORONTO CHILD – PARENT DEVELOPMENT CENTRE

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STATEMENT OF CHANGES IN CASH FLOWS

AS AT DECEMBER 31, 2021

	2021 $	2020 $
Cash provided by operations:		
Excess of (expenditures over revenues) revenues over expenditures for the year	(11,735)	70,580
Adjustments:		
Deferred operating grant recognized in revenue	(7,175)	-
	(18,910)	70,580
Accounts receivable and prepaids	3,962	(5,127)
Accounts payable and accrued liabilities	7,545	(3,548)
Deferred revenue	-	12,788
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(7,403)	74,693
FINANCING ACTIVITIES		
Canada Emergency Business Account	(1,377)	39,081
INVESTING ACTIVITIES		
Short term investments	-	101,059
NET CASH (USED) PROVIDED BY INVESTING AND FINANCING ACTIVITIES	(1,377)	101,059
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(8,780)	214,833
CASH AND CASH EQUIVALENTS at beginning of year	324,133	109,300
CASH AND CASH EQUIVALENTS at end of year (Note 3)	315,353	324,133

The accompanying notes are an integral part of these financial statements.

THE TORONTO CHILD – PARENT DEVELOPMENT CENTRE

(Operating as The Children's Storefront)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. **Basis of Presentation**

Operations

The Toronto Child – Parent Development Centre (Operating as The Children's Storefront) (the Centre") is a not-for-profit corporation, incorporated by letters patent under the Canada Corporations Act on January 20, 1976.

Accounting Framework

The corporation prepares its financial statements in accordance with the Chartered Professional Accountants of Canada (CPA, Canada) Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO).

2. **Summary of Significant Accounting Policies**

The accounting policies of the Organization are in accordance with Canadian accounting standards applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant:

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Cash and Cash Equivalents

Cash includes cash on hand, current bank deposits, petty cash bank deposit accounts and investments with a maturity date of less than 90 days from the year end date.

Short Term Investments

Short term investments include guaranteed investment certificates with maturities of between 90 days and one year from the year end date.

Capital Assets

Capital assets are expensed to operations in the year they are acquired.

Deferred Revenue

Deferred revenue consists of revenue received in advance of the actual occurrence of the related program or capital expenditure.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. Summary of Significant Accounting Policies – Continued

Management Reserve

The Board of Directors established an unrestricted reserve fund for future capital asset replacement and acquisitions. Excess funds, not immediately required for operations, are invested in short and long term investments and comprise the value of the reserve at year end.

Revenue and Expenditure Recognition

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Parent and user fees are recognized when services are performed.

Fundraising and donations are recognized when received;

Government assistance received towards continuing operations is included in determining net revenue for the year when approved. Subsidies and grants awarded under Coronavirus 19 pandemic (Covid-19) legislation, whether government or privately funded, is recognized as approved by the funding agency. Assistance related to the purchase of capital assets is deferred and brought into revenue on the date of the expenditure.

Investment income is recognized as revenue when earned.

Expenses are recorded when goods or services are consumed.

Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. During the current year, management has recorded, into the accounts, estimates pertaining to prepaid expenses, recoverable excise taxes, and certain accrued liabilities and deferred revenues.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. Summary of Significant Accounting Policies – Continued

Contributed Services

Donations of materials which are not normally purchased by the Organization are not recorded in the accounts. The work of the Organization is also heavily dependent on the voluntary service of its members. Since these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, the value of donated volunteer services is not recognized in these statements.

Financial Assets and Financial Liabilities

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial 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 Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

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DECEMBER 31, 2021

2. Summary of Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities – Continued

(ii) Impairment – Continued

a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
b) the amount that could be realized by selling the asset at the statement of financial position date; and
c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

Income Tax Status

The organization is exempt from income tax in Canada as a registered charity under Section 149(1)(f) of the Income Tax Act of Canada.

3. Cash and Cash Equivalents

Cash and cash equivalents at year end are comprised of the following holdings:

	2021 $	2020 $
Cash – petty cash funds on hand	850	850
Cash – on-line (PayPal) bank account	105	290
Cash – Meridian Business savings account	23,193	119,429
Cash – Meridian Business current account	246,010	184,828
Cash – Undeposited funds	-	-
Cash – current bank accounts	45,195	18736
	315,353	324,133

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4. Government Funding

Government receivables at year end are comprised of the following:

	2021	2020
	$	$
Federal – Payroll remittances overpayment	-	3,655
Federal – Harmonized sales tax rebate	7,510	6,727
	7,510	10,382

5. Government Loan Assistance under Covid-19 Legislation

In the fiscal 2020 year, the Organization applied for and received a $60,000 loan under the Canada Emergency Business Account (CEBA) as part of the Federal government's Covid-19 relief legislation. The loan is interest-free and if paid by December 31, 2023 (formerly; December 31, 2022), $20,000 of the loan is forgivable. As the Organization's management believes that the Organization will be in a position to allow for the repayment of the loan by above specified date; therefore, the loan's forgivable portion of $20,000 was recognized as revenue in the 2020 year. In addition, as a long term financial liability, the debt has been stated at its fair value taking into account the estimated cost of borrowing of 3% per annum. The differential between the fair value as at the year end date, adjusted for the revised due date, and the $40,000 face value of the re-payable portion of the loan, has also been included in revenue in the current year. The difference between the fair value and repayment amount is amortized as interest expense over the duration of the loan at a rate of $95.67 monthly.

6. Deferred Revenue

Government funding deferred at year end is comprised of the following:

	2021	2020
	$	$
City of Toronto - Safe Restart Funding	5,613	12,788

Funds advanced by the City of Toronto to assist with the cost of supplies and equipment as the Centre re-opens to the public, has been deferred at year end pending the completion of the re-opening process expected to take place in calendar 2022.

THE TORONTO CHILD – PARENT DEVELOPMENT CENTRE

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NOTES TO THE FINANCIAL STATEMENTS

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7. Reconciliation of Toronto Children's Services Resource Grant

Continuity of the Resource Grant is as follows:

	2021	2020
	$	$
Grant deferred from prior year	-	-
Grant received in this fiscal year	218,281	216,122
Grant repaid to the City of Toronto	(29,332)	-
Grant recognized as revenue in the current fiscal year	(188,949)	(216,122)
	(218,281)	(216,122)
Grant deferred to future year	-	-

8. Government Assistance under Covid – 19 Legislation

Municipal Assistance - Grant support from the City of Toronto, in response to the Covid-19 pandemic includes the Safe Restart Funding received in the 2021 fiscal year.

The Safe Restart Funding has been allocated based on the Centre's approved 2020 budgeted Full Time Equivalents (FTEs). The allocation is $4,700 per approved FTE. The City of Toronto Children's Services recognized that the pandemic did not impact all neighbourhoods equally. In order to advance equity in the recovery efforts the City has taken an additional step to provide targeted support. A weighted composite score was developed using current Covid-19 case data and neighbourhood's characteristics from census data. Neighbourhoods with the highest Covid-19 risk impact were identified and have been provided an additional $500 per FTE. Funding utilization is reportable to the funder; the City of Toronto;

Safe Restart Funding is eligible for the following areas:

- **enhanced cleaning;**
- **additional PPE beyond what the Ministry is supplying directly;**
- **additional staff to meet COVID-19 health and safety requirements;**
- **support staff absenteeism where staff need to stay home/self-isolate (because they or their children are sick);**
- **additional administration costs for up to 10% of the total allocation;**
- **support for short term vacancies due to lower enrolment in programs as operators return to full capacity, room closure, centre closure and child absenteeism as a result of Public Health direction (including the fees from full fee families and the parent portion of fee subsidy families); and,**
- **minor capital required in accordance with Ministry's reopening operational guidance or Toronto.**

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DECEMBER 31, 2021

9. Rental of Premises

The Organization's premises were initially rented under a lease that commenced May 7, 2010 for a period of 10 years expiring April, 2020. The original lease also provided for two options to renew at five years each. When the initial lease term expired, the Organization was granted permission from the City to exercise it option to renew for a further 5 year period. The lease extension was signed in April, 2020 for the period of five years and 25 days to the end of May, 2025 with an extension option for another five year period. The rental payments, before applicable taxes, are set at $5,000 per month for the first 36 months of the lease; $5,300 for the balance of the term to May, 2025.

10. Risk

General

The Organization holds financial assets in the form of cash, accounts receivable, and short term investments. It is management's opinion that the fair value of the cash and receivables approximates their stated value due to the short term to maturity for the items held at year end. It is also management's opinion that the fair value of the investments held approximate their stated value plus accrued interest to date as a result of the low interest rate under which these investments are valued on a discounted basis.

The Organization also holds financial liabilities in the form of accounts payable and accrued liabilities, and deferred revenues. As with the financial assets, fair value and stated value of the financial liabilities approximate each other at year end due to the short term to maturity of the liabilities and debts held at December 31, 2021.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with its financial liabilities. The Organization expects to meet these obligations as they come due by generating sufficient cash flows from operations, grants and fundraising.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments. Interest rate risk arises when the Organization invests in interest-bearing financial instruments. As the Organization has cashed all investments; the funds from which are now held in the savings account, management does not believe that the Organization is currently exposed to a high level of interest rate risk.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

10. Risk

Other Risks

It is management's opinion that the Organization is not exposed to significant credit, currency or price risk arising from the financial instruments held.

11. Matter of Emphasis - Covid - 19

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus (Covid-19) as a global pandemic, which resulted in a series of public health and emergency measures to be put in place to combat the spread of the virus. As a result of the Covid-19 pandemic, publicly funded daycares and children's' centres operating in the Greater Toronto Area were forced to close and cease active operations on March 13, 2020. The Organization has remained closed to all in-person services until it is permitted by the Provincial Ministry of Health and the City of Toronto, Children Services, to reopen, and when management feels there is no threat to the health of the staff and their clientele. Since the initial closure, the Organization's programming has moved to an on-line virtual format.

While the Organization continues to manage and respond to Covid-19, and continues to receive certain grants; there are no assurances that these grants will remain available to the Organization in future periods at their current levels. The duration and impact of the Covid-19 pandemic is unknown at this time, and it is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results of the Organization in future periods.

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DECEMBER 31, 2021

12. Expenditure Detail

	2021	2020
	$	$
Building Occupancy		
Rent	62,364	59,073
Insurance	1,315	1,270
	63,679	60,343
Office and administrative		
Bank changes	429	390
Directors' insurance	1,031	1,045
Miscellaneous	2,620	129
Supplies	742	491
Telephone	1,199	1,426
Professional fees	5,212	6152
	11,233	9,633
Program Supplies		
Supplies – cleaning and housekeeping	6,350	811
Program-related	5,238	6,230
	11,588	7,041
Salaries and Employee Benefits		
Administrative salaries	66,936	62,796
Program salaries	44,922	47,430
CPP and EI expense	8,226	7,676
Benefits	7,368	6,804
	127,452	127,706