

Merrymount Children's Centre

Financial Statements

Year ended March 31, 2023



Bringing Solutions Together

Independent Auditor's Report

To the Board of Directors of Merrymount Children's Centre

Qualified Opinion

We have audited the financial statements of Merrymount Children's Centre ("the Centre"), which comprise the Statement of Financial Position as at March 31, 2023, and the Statement of Operations and Changes in Fund Balance, Schedule of Expenses - Operating Fund, Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements and related schedules present fairly, in all material respects, the financial position of the Centre as at March 31, 2023 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 Qualified Opinion

In common with many charitable organizations, the Centre derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, net revenue (expense), and cash flows from operations for the years ended March 31, 2023, and March 31, 2022, and current assets and fund balances for the years then ended. Our audit opinion on the financial statements 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 Centre 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 and related schedules 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 and related schedules, 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 and related schedules 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.

Bringing Solutions Together

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 and related schedules, 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 Centre's preparation and fair presentation of the financial statements and related schedules 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 and related schedules 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 and related schedules, including the disclosures, and whether the financial statements and related schedules represent the underlying transactions and events in a manner that achieve 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.

London, Ontario
June 6, 2023

Ford Keast LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Merrymount Children's Centre

Statement of Financial Position as at March 31, 2023

	Operating Fund	Capital Fund	Restricted Funds	Totals	
				2023	2022
Assets					
Current					
Cash	\$ 427,979	\$ -	\$ -	\$ 427,979	\$ 482,766
Investments (Note 2)	-	-	54,537	54,537	53,081
Accounts receivable and prepaid expenses	208,629	-	-	208,629	131,686
Amount receivable from Merrymount Foundation Inc. (Note 6)	275,521	-	-	275,521	327,760
	912,129	-	54,537	966,666	995,293
Capital assets (Note 3)	-	2,255,620	-	2,255,620	2,256,224
	\$ 912,129	2,255,620	\$ 54,537	\$ 3,222,286	\$ 3,251,517
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 444,226	\$ -	\$ -	\$ 444,226	\$ 302,441
Amounts payable to government funder (Note 4)	69,436	-	-	69,436	89,322
Deferred revenue (Note 5)	391,635	-	-	391,635	543,613
	905,297	-	-	905,297	935,376
Fund Balances					
Invested in capital assets	-	2,255,620	-	2,255,620	2,256,224
Externally Restricted and Endowment (Note 2)	-	-	48,108	48,108	46,823
Internally Restricted (Note 2)	-	-	6,429	6,429	6,258
Unrestricted	6,832	-	-	6,832	6,836
	6,832	2,255,620	54,537	2,316,989	2,316,141
	\$ 912,129	\$ 2,255,620	\$ 54,537	\$ 3,222,286	\$ 3,251,517

Approved by the Board of Directors:



Director



Director

Merrymount Children's Centre

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023

	Operating Fund	Capital Fund	Restricted Funds	Totals	
				2023	2022
Revenue					
City of London subsidy	\$ 2,593,269	\$ -	\$ -	\$ 2,593,269	\$ 2,903,953
Provincial subsidy	2,587,457	159,602	-	2,747,059	2,079,202
City of St. Thomas subsidy	603,303	-	-	603,303	473,400
Donations	269,817	-	-	269,817	219,963
Contracted services	212,773	-	-	212,773	156,192
Fundraising events	131,300	-	-	131,300	47,273
United Way of London and Middlesex	100,000	-	-	100,000	146,805
Bequests	57,829	-	-	57,829	51,142
Client fees	22,145	-	-	22,145	33,182
Interest	13,411	-	1,456	14,867	2,090
County of Middlesex	10,000	-	-	10,000	10,000
Ministry of the Attorney General	-	-	-	-	479,948
	<u>6,601,304</u>	<u>159,602</u>	<u>1,456</u>	<u>6,762,362</u>	<u>6,603,150</u>
Expenses					
Expenses - Operating Fund (Schedule)	7,243,641	-	-	7,243,641	7,093,235
Amortization	-	160,206	-	160,206	160,206
	<u>7,243,641</u>	<u>160,206</u>	<u>-</u>	<u>7,403,847</u>	<u>7,253,441</u>
Net expense before revenue from Merrymount Foundation Inc.	(642,337)	(604)	1,456	(641,485)	(650,291)
Revenue from Merrymount Foundation Inc. (Note 6)	642,333	-	-	642,333	491,176
Net revenue (expense)	(4)	(604)	1,456	848	(159,115)
Fund balances, beginning of year	<u>6,836</u>	<u>2,256,224</u>	<u>53,081</u>	<u>2,316,141</u>	<u>2,475,256</u>
Fund balances, end of year	\$ 6,832	2,255,620	\$ 54,537	\$ 2,316,989	\$ 2,316,141

Merrymount Children's Centre

Statement of Cash Flows
Year ended March 31, 2023

	Operating Fund	Capital Fund	Restricted Funds	Totals	
				2023	2022
Cash provided by (used in):					
Operating activities					
Net revenue (expense)	\$ (4)	\$ (604)	\$ 1,456	\$ 848	\$ (159,115)
Add non-cash items:					
Amortization	-	160,206	-	160,206	160,206
Change in non-cash working capital items related to operations (Note 7)	(54,783)	-	-	(54,783)	(302,073)
	(54,787)	159,602	1,456	106,271	(300,982)
Investing activities					
Acquisition of capital assets	-	(159,602)	-	(159,602)	-
Increase in investments	-	-	(1,456)	(1,456)	(1,091)
	-	(159,602)	(1,456)	(161,058)	(1,091)
Decrease in cash	(54,787)	-	-	(54,787)	(302,073)
Cash, beginning of year	482,766	-	-	482,766	784,839
Cash, end of year	\$ 427,979	\$ -	\$ -	\$ 427,979	\$ 482,766

Merrymount Children's Centre

Schedule of Expenses - Operating Fund

Year ended March 31, 2023

	2023	2022
Expenses		
Salaries and wages	\$ 4,151,136	\$ 4,108,813
Program assistants and enhancement facilitators	1,110,442	1,023,968
Employee benefits	1,039,032	1,024,424
Building	390,027	383,106
Food	103,732	87,929
Computer	102,113	136,747
Program	75,279	54,708
Office	63,049	56,021
Professional services	60,477	87,066
Staff travel	40,597	30,294
Telephone	34,366	51,315
Staff development	30,649	21,237
Transportation	19,021	12,492
Communications and promotion	15,011	15,841
Membership fees	12,144	6,099
Archives and records management	6,735	3,800
Personal needs	1,006	774
Board	825	601
	<u>7,255,641</u>	<u>7,105,235</u>
Less: Expense recoveries (Note 6)	<u>(12,000)</u>	<u>(12,000)</u>
	<u>\$ 7,243,641</u>	<u>\$ 7,093,235</u>

Merrymount Children's Centre

Notes to Financial Statements

March 31, 2023

Purpose of the Organization

Merrymount Children's Centre ("the Centre") is a caring organization committed to providing support and crisis care for children and families. The Centre delivers responsive and innovative services and programs to strengthen children and their families in times of transition. The Centre's vision is to be a recognized and respected leader in the field of crisis support and transition services for children and their families.

The Centre was incorporated by Letters Patent constituting a corporation without share capital on November 14, 1874.

The Centre is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

1. Accounting Policies

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

Revenue Recognition

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

Revenue from provincial and municipal subsidies, contracted services and amounts from Merrymount Foundation Inc. are recognized in the Operating Fund on the accrual basis, matching the revenue with related expense. Where receipts relate to Operating Fund expenses planned for a future period, recognition of the revenue is deferred to that future period.

Unrestricted donations, fundraising events revenue and bequest contributions are recognized as revenue in the Operating Fund as received. Restricted donations are recognized as revenue in the Restricted Fund as received. Gifts in kind are recorded at their estimated fair market value.

Contributions for endowment are recognized as revenue in the Restricted Funds as received. Interest income earned on restricted funds is recognized on the accrual basis as income of the appropriate restricted fund.

Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Centre, the accounts of the Centre are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donor or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors.

The Operating Fund accounts for the Centre's operating activities. The Capital Fund accounts for the Centre's capital assets. The Restricted Fund accounts for endowment and other specific purpose activities which are distinct from the operating activities of the Centre.

Merrymount Children's Centre

Notes to Financial Statements

March 31, 2023

1. Accounting Policies (continued)

Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand and balances with banks.

Investments

Investments, consisting of guaranteed investment certificates, are recorded at market value.

Capital Assets

Capital assets are recorded at cost and amortization is recorded in the accounts on the straight-line basis at the following annual rates:

Building	2.5 %
Leasehold improvements	2.5 %
Furniture and equipment	10 %
Computer equipment	30 %
Recreational facility	10 %

Donated equipment is recorded at fair market value when such value can be reasonably estimated.

Contributed Services

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

Financial Instruments

Measurement of Financial Instruments:

The Centre initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost with exception to its investments which are recorded at market value.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in net revenue (expense).

Transaction Costs:

The Centre recognizes its transactions costs in net revenue (expense) in the period incurred.

Merrymount Children's Centre

Notes to Financial Statements

March 31, 2023

1. Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Specific estimates include provision for amounts repayable to municipal and provincial funders, and amortization of capital assets in terms of methods and useful lives. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

2. Restricted Funds

a) Externally Restricted and Endowments

	Smith	Davis	Carling	Brown	Totals	
					2023	2022
Invested in Endowment Funds	\$ 20,079	\$ 10,000	\$ 10,000	\$ 1,000	\$ 41,079	\$ 41,079
Income from Endowment Funds:						
Income balance - Beginning of year	1,260	2,380	1,615	489	5,744	4,783
Income earned in the year	585	340	319	41	1,285	961
Income balance - End of year	1,845	2,720	1,934	530	7,029	5,744
	<u>\$ 21,924</u>	<u>\$ 12,720</u>	<u>\$ 11,934</u>	<u>\$ 1,530</u>	<u>\$ 48,108</u>	<u>\$ 46,823</u>

Only the income generated from the amounts invested for endowment purposes may be expensed. Such expenses are restricted as follows:

Smith Fund:	To be used for the relief of the most needy
Davis Fund:	For general educational purposes for the benefit of all children in attendance at Merrymount Children's Centre
Carling Fund:	To be used to provide special services (e.g. to purchase special equipment, to meet recreational or educational needs)
Brown Fund:	To be used to purchase toys, puzzles, games and theatre tickets

Merrymount Children's Centre

Notes to Financial Statements

March 31, 2023

2. Restricted Funds (continued)

b) Internally Restricted

	Transportation Fund	Terrielyn Kluke Memorial Fund	Totals	
			2023	2022
Balance, beginning of year	\$ 1,337	\$ 4,921	\$ 6,258	\$ 6,128
Income earned in the year	36	135	171	130
Balance, end of year	<u>\$ 1,373</u>	<u>\$ 5,056</u>	<u>\$ 6,429</u>	<u>\$ 6,258</u>

The Transportation Fund was established by the Board of the Centre to be used to support the transportation needs of Merrymount Children's Centre.

The Terrielyn Kluke Memorial Fund was established by the Board of the Centre to be used to send a child to summer camp each year.

The restricted investments consist of the following:

3.25% guaranteed investment certificate maturing January 16, 2026	\$ 51,468
3.15% guaranteed investment certificate maturing January 17, 2024	<u>3,069</u>
	<u>\$ 54,537</u>

Allocated as follows:

Externally restricted funds	\$ 48,108
Internally restricted funds	<u>6,429</u>
	<u>\$ 54,537</u>

3. Capital Assets

	Cost	Accumulated Amortization	Net	
			2023	2022
Land	\$ 429,850	\$ -	\$ 429,850	\$ 429,850
Building	5,392,249	3,892,648	1,499,601	1,634,407
Leasehold improvements	271,506	142,167	129,339	136,126
Furniture and equipment	66,504	53,200	13,304	19,954
Computer equipment	11,646	11,646	-	-
Recreational facility	279,230	95,704	183,526	35,887
	<u>\$ 6,450,985</u>	<u>\$ 4,195,365</u>	<u>\$ 2,255,620</u>	<u>\$ 2,256,224</u>

Merrymount Children's Centre

Notes to Financial Statements

March 31, 2023

4. Amounts Payable to Government Funder

The following programs had revenues in excess of expenses for the year which resulted in an amount payable to the government funder.

	2023	2022
City of London Family Centre Argyle	\$ 31,920	\$ 38,695
Ministry of the Attorney General - Supervised Access Program	31,793	31,793
City of London Safe Start Funding - Family Centre Argyle	5,723	5,723
City of London All Kids Belong Program	-	13,111
	<u>\$ 69,436</u>	<u>\$ 89,322</u>

5. Deferred Revenue

Deferred revenue consists of \$391,635 (2022 - \$543,613) relating to grants, subsidies and donations received to fund specific projects of the Centre in the following year.

6. Transactions with Merrymount Foundation Inc.

Merrymount Foundation Inc. was incorporated by Letters Patent constituting a corporation without share capital on February 17, 1978. It is a registered charity (Business No. 89145 7590 RR 0001) and is designated as a public foundation under the Income Tax Act (Canada). The Board of Merrymount Foundation Inc., consists of 10 board members, 5 of which are also board members of Merrymount Children's Centre.

The objective of Merrymount Foundation Inc. is to receive and maintain Operating, Capital and Endowment Funds. All or part of the principal and income from the Operating and Capital Funds is to be applied to aid the family support programs of Merrymount Children's Centre. In accordance with donor imposed restrictions, the principal in the Endowment Fund must be permanently maintained with all or part of the income being applied to aid Merrymount Children's Centre.

The Board of Directors of Merrymount Children's Centre have directed that all bequests in excess of \$10,000 (other than the Richter bequest) payable to them with no direction specified for their use be paid to Merrymount Foundation Inc. and be invested by it. For the year ended March 31, 2022 such bequests amounted to \$NIL (2022 - \$NIL).

During the year, the Board of Directors of Merrymount Foundation Inc. approved the net transfer to Merrymount Children's Centre of \$642,333 (2022 - \$491,176) for Operating Fund expenses and \$NIL (2022 - \$NIL) for Capital Fund expenses, for a total transfer of \$642,333 (2022 - \$491,176).

Merrymount Children's Centre charged an amount of \$12,000 (2022 - \$12,000) to Merrymount Foundation Inc. for accounting and other support services. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Merrymount Children's Centre

Notes to Financial Statements

March 31, 2023

6. Transactions with Merrymount Foundation Inc. (continued)

The Foundation has not been consolidated in the Centre's financial statements. A financial summary of the Foundation as at March 31, 2023 and 2022 and for the years then ended is as follows:

Merrymount Foundation Inc.

Statement of Financial Position

	(000s) 2023	(000s) 2022
Assets	\$ 18,845	\$ 19,567
Liabilities	\$ 281	\$ 333
Fund Balances		
Endowment Fund	1,060	1,060
Unrestricted - Operating Fund	17,010	17,680
Internally Restricted - Repairs and Replacement Fund	228	228
Internally Restricted - President's Campaign Fund	266	266
	18,564	19,234
	\$ 18,845	\$ 19,567

Statement of Operations

	(000s) 2023	(000s) 2022
Revenue		
Investment	\$ 501	\$ 432
Net change in the market value of investments	(555)	1,867
Donations	70	35
	16	2,334
Expenses	43	47
Net revenue	(27)	2,287
Allocation to Merrymount Children's Centre	(1,040)	(751)
Fundraising amounts transferred from Merrymount Children's Centre	398	260
Net allocation	(642)	(491)
Net increase in Fund Balances	\$ (669)	\$ 1,796

Merrymount Children's Centre

Notes to Financial Statements

March 31, 2023

7. Statement of Cash Flows

The change in non-cash working capital balances related to operations referred to in the Statement of Cash Flows is determined as follows:

	2023	2022
(Increase) decrease in current assets:		
Accounts receivable and prepaid expenses	\$ (76,943)	\$ (12,466)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	141,785	67,419
Amounts payable to government funder	(19,886)	(167,361)
Amount payable to Merrymount Foundation Inc.	52,239	(79,457)
Deferred revenue	(151,978)	(110,208)
Net change	<u>\$ (54,783)</u>	<u>\$ (302,073)</u>

8. Financial Instruments Risk Management

The Centre is exposed to various risks through its financial instruments. The following analysis provides information about the Centre's risk exposure and concentration.

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 from clients and family support services agencies. An allowance for doubtful accounts, if required, is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Centre does not have any significant credit risk or concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre is exposed to interest rate risk as the value of its investments consisting of guaranteed investment certificates is affected by market changes in interest rates.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts. The Centre maintains sufficient funds in cash to protect against unforeseen obligations.

Other Risks

The Centre is not exposed to any significant currency or market risk.

There have been no significant changes in the nature, extent, or concentration of the risk exposures from the prior year.