

MERRYMOUNT CHILDREN'S CENTRE

Financial Statements

Year ended March 31, 2021



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, 2021, 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, 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 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, 2021, and March 31, 2020, 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.

Emphasis of Matter

We draw attention to Note 8 of the financial statements, which describes the effects of the COVID-19 pandemic on the Centre's operations. Our opinion is not modified in respect of this matter.

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.

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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.

Ford Keast^{LLP}

London, Ontario
June 10, 2021

**Chartered Professional Accountants
Licensed Public Accountants**

MERRYMOUNT CHILDREN'S CENTRE

Statement of Financial Position as at March 31, 2021

	Operating Fund	Capital Fund	Restricted Funds	Totals	
				2021	2020
ASSETS					
CURRENT					
Cash	\$ 784,839	\$ -	\$ -	\$ 784,839	\$ 944,020
Investments (Note 3)	-	-	51,990	51,990	50,888
Accounts receivable and prepaid expenses	117,220	-	-	117,220	188,974
Amount receivable from Merrymount Foundation Inc. (Note 7)	248,303	-	-	248,303	333,414
	1,150,362	-	51,990	1,202,352	1,517,296
CAPITAL ASSETS (Note 4)	-	2,416,430	-	2,416,430	2,576,636
	\$ 1,150,362	2,416,430	\$ 51,990	\$ 3,618,782	\$ 4,093,932
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities (Note 10)	\$ 235,022	\$ -	\$ -	\$ 235,022	\$ 395,436
Amounts payable to government funder (Note 5)	256,683	-	-	256,683	418,425
Deferred revenue (Note 6)	651,821	-	-	651,821	645,711
	1,143,526	-	-	1,143,526	1,459,572
FUND BALANCES					
Invested in Capital Assets	-	2,416,430	-	2,416,430	2,576,636
Externally Restricted and Endowment (Note 3)	-	-	45,862	45,862	44,889
Internally Restricted (Note 3)	-	-	6,128	6,128	5,999
Unrestricted	6,836	-	-	6,836	6,836
	6,836	2,416,430	51,990	2,475,256	2,634,360
	\$ 1,150,362	\$ 2,416,430	\$ 51,990	\$ 3,618,782	\$ 4,093,932

APPROVED ON BEHALF OF THE BOARD:



 Director

Phillip Mock Digitally signed by Phillip Mock
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 Director

MERRYMOUNT CHILDREN'S CENTRE

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2021

	Operating Fund	Capital Fund	Restricted Funds	Totals	
				2021	2020
REVENUE					
City of London subsidy	\$ 3,241,995	\$ -	\$ -	\$ 3,241,995	\$ 3,472,155
Provincial subsidy	2,018,488	-	-	2,018,488	1,827,703
Ministry of the Attorney General	417,947	-	-	417,947	467,971
City of St. Thomas subsidy	332,968	-	-	332,968	433,625
Donations	225,120	-	-	225,120	221,053
Contracted services	128,032	-	-	128,032	220,776
Fundraising events	146,697	-	-	146,697	209,395
Vanier Children's Centre Funding (Note 10)	187,626	-	-	187,626	-
United Way of London and Middlesex	127,718	-	-	127,718	191,241
Bequests	58,286	-	-	58,286	54,547
Client fees	33,583	-	-	33,583	33,197
Interest	2,517	-	1,102	3,619	19,015
Federal government	10,225	-	-	10,225	-
County of Middlesex	10,000	-	-	10,000	10,000
HRDC - Summer career placements program	4,304	-	-	4,304	-
	<u>6,945,506</u>	<u>-</u>	<u>1,102</u>	<u>6,946,608</u>	<u>7,160,678</u>
EXPENSES					
Expenses - Operating Fund (Schedule)	7,192,425	-	-	7,192,425	8,239,645
Amortization	-	160,206	-	160,206	160,206
	<u>7,192,425</u>	<u>160,206</u>	<u>-</u>	<u>7,352,631</u>	<u>8,399,851</u>
NET EXPENSE BEFORE REVENUE FROM MERRYMOUNT FOUNDATION INC.	(246,919)	(160,206)	1,102	(406,023)	(1,239,173)
REVENUE FROM MERRYMOUNT FOUNDATION INC. (Note 7)	246,919	-	-	246,919	1,079,233
NET REVENUE (EXPENSE)	-	(160,206)	1,102	(159,104)	(159,940)
FUND BALANCES, Beginning of year	6,836	2,576,636	50,888	2,634,360	2,794,300
FUND BALANCES, End of year	\$ 6,836	2,416,430	\$ 51,990	\$ 2,475,256	\$ 2,634,360

MERRYMOUNT CHILDREN'S CENTRE

Statement of Cash Flows
Year ended March 31, 2021

	Operating Fund	Capital Fund	Restricted Funds	Totals	
				2021	2020
Cash provided by (used in):					
OPERATING ACTIVITIES					
Net revenue (expense)	\$ -	\$ (160,206)	\$ 1,102	\$ (159,104)	\$ (159,940)
Add non-cash items:					
Amortization	-	160,206	-	160,206	160,206
Change in non-cash working capital items related to operations	(159,181)	-	-	(159,181)	(21,155)
	(159,181)	-	1,102	(158,079)	(20,889)
INVESTING ACTIVITIES					
(Increase) decrease in investments	-	-	(1,102)	(1,102)	393
Decrease in cash	(159,181)	-	-	(159,181)	(20,496)
Cash, Beginning of year	944,020	-	-	944,020	964,516
Cash, End of year	\$ 784,839	\$ -	\$ -	\$ 784,839	\$ 944,020

MERRYMOUNT CHILDREN'S CENTRE

Schedule of Expenses - Operating Fund

Year ended March 31, 2021

	2021	2020
EXPENSES		
Salaries and wages	\$ 4,373,780	\$ 4,715,962
Employee benefits	1,049,463	1,146,712
Program assistants and enhancement facilitators	861,998	1,309,061
Building	369,528	406,377
Program	117,678	54,444
Computer	103,427	132,220
Food	77,146	120,178
Telephone	52,036	48,558
Professional services	51,037	98,619
Office	49,508	58,031
Staff development	44,423	58,595
Staff travel	19,829	57,427
Transportation	10,522	18,610
Communications and promotion	9,934	9,992
Membership fees	9,397	11,021
Archives and records management	3,760	2,844
Personal needs	559	810
Board	400	1,527
	<u>7,204,425</u>	<u>8,250,988</u>
Less: Expense recoveries (Note 7)	<u>(12,000)</u>	<u>(12,000)</u>
	<u>\$ 7,192,425</u>	<u>\$ 8,238,988</u>

MERRYMOUNT CHILDREN'S CENTRE

Notes to Financial Statements
March 31, 2021

1. 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.

2. 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 Merrymount Foundation Inc. is 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, 2021

2. ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consist 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, 2021

2. 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, useful lives of capital assets, amortization methods and rates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

3. RESTRICTED FUNDS

a) Externally Restricted and Endowments

	Smith	Davis	Carling	Brown	Totals	
					2021	2020
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	379	1,869	1,135	427	3,810	3,579
Income earned in the year	443	257	242	31	973	231
Income balance - End of year	822	2,126	1,377	458	4,783	3,810
	<u>\$ 20,901</u>	<u>\$ 12,126</u>	<u>\$ 11,377</u>	<u>\$ 1,458</u>	<u>\$ 45,862</u>	<u>\$ 44,889</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, 2021

3. RESTRICTED FUNDS (continued)

b) Internally Restricted

	Transportation Fund	Terrielyn Kluke Memorial Fund	Totals	
			2021	2020
Balance, beginning of year	\$ 1,281	\$ 4,718	\$ 5,999	\$ 6,623
Income earned in the year	28	101	129	33
Withdrawal in the year	-	-	-	(657)
Balance, end of year	<u>\$ 1,309</u>	<u>\$ 4,819</u>	<u>\$ 6,128</u>	<u>\$ 5,999</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. During the year, \$NIL (2020 - \$657) was transferred to the operating fund to send a child to summer camp.

The restricted investments consist of the following:

2.20% guaranteed investment certificate maturing January 16, 2023	\$ 48,973
0.35% guaranteed investment certificate maturing January 14, 2022	<u>3,017</u>
	<u>\$ 51,990</u>
Allocated as follows:	
Externally restricted funds	\$ 45,862
Internally restricted funds	<u>6,128</u>
	<u>\$ 51,990</u>

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net	
			2021	2020
Land	\$ 429,850	\$ -	\$ 429,850	\$ 429,850
Building	5,392,248	3,623,035	1,769,213	1,904,018
Leasehold improvements	271,506	128,593	142,913	149,701
Furniture and equipment	66,504	39,900	26,604	33,254
Computer equipment	11,646	11,646	-	-
Recreational facility	119,628	71,778	47,850	59,813
	<u>\$ 6,291,382</u>	<u>\$ 3,874,952</u>	<u>\$ 2,416,430</u>	<u>\$ 2,576,636</u>

MERRYMOUNT CHILDREN'S CENTRE

Notes to Financial Statements

March 31, 2021

5. AMOUNT PAYABLE TO GOVERNMENT FUNDER

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

	2021	2020
City of London Safe Start Funding - Family Centre Argyle	\$ 94,569	\$ -
City of London Safe Start Funding - Family and Child Support Program	16,396	-
City of London Re-investment Fund	21,203	-
Ministry of the Attorney General - Supervised Access Program	48,723	-
COVID funding	43,429	-
City of London All Kids Belong Program	32,363	418,425
	<u>\$ 256,683</u>	<u>\$ 418,425</u>

6. DEFERRED REVENUE

Deferred revenue consists of \$651,821 (2020 - \$645,711) relating to grants, subsidies and donations received to fund specific projects of the Centre in the following year.

7. 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 7 board members, 4 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, 2021 such bequests amounted to \$NIL (2020 - \$NIL).

During the year, the Board of Directors of Merrymount Foundation Inc. approved the net transfer to Merrymount Children's Centre of \$246,919 (2020 - \$1,079,233) for Operating Fund expenses and \$NIL (2020 - \$NIL) for Capital Fund expenses, for a total transfer of \$246,919 (2020 - \$1,079,233).

Merrymount Children's Centre charged an amount of \$12,000 (2020 - \$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, 2021

7. 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, 2021 and 2020 and for the years then ended is as follows:

Merrymount Foundation Inc.

Statement of Financial Position

	(000s) 2021	(000s) 2020
Assets	\$ 17,698	\$ 14,776
Liabilities	\$ 260	\$ 339
Fund Balances		
Endowment Fund	1,060	1,060
Unrestricted - Operating Fund	15,884	12,883
Internally Restricted - Repairs and Replacement Fund	228	228
Internally Restricted - President's Campaign Fund	266	266
	17,438	14,437
	\$ 17,698	\$ 14,776

Statement of Operations

	(000s) 2021	(000s) 2020
Revenue		
Investment	\$ 432	\$ 460
Net change in the market value of investments	2,653	(998)
Donations	197	22
	3,282	(516)
Expenses	34	27
Net revenue (expense)	3,248	(543)
Allocation to Merrymount Children's Centre	(616)	(1,504)
Fundraising amounts transferred from Merrymount Children's Centre	369	425
Net allocation	(247)	(1,079)
Net increase (decrease) in Fund Balances	\$ 3,001	\$ (1,622)

MERRYMOUNT CHILDREN'S CENTRE

Notes to Financial Statements

March 31, 2021

8. COVID-19 PANDEMIC

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This pandemic has affected contracted services and programming as these have moved to a virtual basis and in-person programs are operating at a reduced capacity. The pandemic could impact funding in the future. The impact to the Centre is not determinable at the date of these financial statements; however, it may be material and could include changes to operations and the financial position of the Centre.

9. 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.

10. MADAME VANIER FUNDING - ATTESTATION

During the year, the Centre received \$191,974 in one-time funding from Vanier Children's Services to address Covid-19 related pressures in the London Middlesex service area. A total of \$187,626 of the funds were utilized on eligible expenses, leaving \$4,348 payable to Vanier Children's Services. This amount is included in accounts payables and accrued liabilities at year-end.