

PARENTS FOR BETTER BEGINNINGS
A PROGRAM OF
REGENT PARK COMMUNITY HEALTH CENTRE
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
**Regent Park Community Health Centre
for Parents For Better Beginnings**

We have audited the accompanying financial statements of Parents For Better Beginnings, a program of Regent Park Community Health Centre, which are comprised of the statement of Financial Position as at March 31, 2016 and the statements of Changes in Restrictive Fund - Capital, Receipts and Expenditures - Parents For Better Beginnings, Ontario Early Years Centre Fund Operations, Canada Peri-Natal Nutrition Fund Operations, Donations Fund Operations and Net Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

INDEPENDENT AUDITORS' REPORT

Basis for Qualified Opinion

In common with many charitable organizations, the program derives a portion of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these receipts was limited to the amounts recorded in the records of the program. Therefore, we were not able to determine whether any adjustments might be necessary to receipts, excess of receipts over expenditures, and cash flows from operations for the year ended March 31, 2016, current assets and net assets as at March 31, 2016.

As more fully described in note 2(d) of the financial statements, the program accounts for vacation pay on a cash basis in accordance with the funding policies of the Ministry of Education. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effect of the departure from Canadian accounting standards for not-for-profit organizations for vacation pay is outlined in note 3 to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Parents For Better Beginnings as at March 31, 2016, 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.

Hennick Herman, LLP

Richmond Hill, Canada


June 28, 2016

**CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

PARENTS FOR BETTER BEGINNINGS
A Program of Regent Park Community Health Centre
Statement of Financial Position
March 31, 2016

	2016	(note 14) 2015
ASSETS		
Current		
Cash - restricted	\$ 177,866	\$ 101,142
Amounts receivable (note 4)	<u>11,900</u>	<u>9,953</u>
	189,766	111,095
Property and Equipment (note 5)	<u>6,146</u>	<u>12,578</u>
	<u>\$ 195,912</u>	<u>\$ 123,673</u>
LIABILITIES		
Current		
Accounts payable and accrued charges	<u>\$ 2,923</u>	<u>\$ 2,764</u>
NET ASSETS		
Restrictive Fund - Capital (page 4)	6,146	12,578
Restricted Fund - Donations (page 8)	<u>186,843</u>	<u>108,331</u>
	<u>192,989</u>	<u>120,909</u>
	<u>\$ 195,912</u>	<u>\$ 123,673</u>

APPROVED ON BEHALF OF THE BOARD



Director



Director

(See Accompanying Notes to Financial Statements)

PARENTS FOR BETTER BEGINNINGS

A Program of Regent Park Community Health Centre
Statement of Changes in Restrictive Fund - Capital (note 6)
Year Ended March 31, 2016

	2016	2015
Restrictive Fund - Capital		
Balance - beginning of year	\$ 12,578	\$ 19,009
Amortization for the year	<u>(6,432)</u>	<u>(6,431)</u>
Balance - end of year	<u>\$ 6,146</u>	<u>\$ 12,578</u>

(See Accompanying Notes to Financial Statements)

PARENTS FOR BETTER BEGINNINGS

A Program of Regent Park Community Health Centre

Statement of Receipts and Expenditures - Parents For Better Beginnings (note 7)

Year Ended March 31, 2016

	2016	2015
Receipts		
Ministry of Education	\$ 843,464	\$ 763,003
Ministry of Children and Youth Services	-	55,342
Toronto Central Local Health Integration Network - pay equity subsidy	<u>31,953</u>	<u>31,953</u>
	<u>875,417</u>	<u>850,298</u>
Expenditures		
Salaries	622,312	595,485
Benefits	131,560	113,910
Building occupancy	80,461	72,698
Program materials	17,752	21,685
Telephone, postage and courier	7,479	9,733
Supplies	4,993	21,005
Professional fees	4,392	4,533
Staff development	2,916	2,689
Childcare	1,522	2,832
Miscellaneous	1,464	5,219
Travel - clients	<u>566</u>	<u>509</u>
	<u>875,417</u>	<u>850,298</u>
Excess of Receipts Over Expenditures	<u>\$ -</u>	<u>\$ -</u>

(See Accompanying Notes to Financial Statements)

PARENTS FOR BETTER BEGINNINGS

A Program of Regent Park Community Health Centre

Statement of Ontario Early Years Centre Fund Operations (note 8)

Year Ended March 31, 2016

	2016	2015
Receipts		
Ontario Early Years Centre	<u>\$ 44,531</u>	<u>\$ 44,531</u>
Expenditures		
Salaries	35,776	35,776
Benefits	7,755	7,755
Administration	<u>1,000</u>	<u>1,000</u>
	<u>44,531</u>	<u>44,531</u>
Excess of Receipts over Expenditures	<u>\$ -</u>	<u>\$ -</u>

(See Accompanying Notes to Financial Statements)

PARENTS FOR BETTER BEGINNINGS

A Program of Regent Park Community Health Centre

Statement of Canada Peri-Natal Nutrition Fund Operations (note 9)

Year Ended March 31, 2016

	2016	(note 14) 2015
Receipts		
Health Canada - Canada Peri-Natal Nutrition Program	<u>\$ 43,421</u>	<u>\$ 43,375</u>
Expenditures		
Program materials	34,420	33,889
Childcare	8,030	7,316
Evaluation	971	2,170
	<u>43,421</u>	<u>43,375</u>
Excess of Receipts over Expenditures	<u>\$ -</u>	<u>\$ -</u>

(See Accompanying Notes to Financial Statements)

PARENTS FOR BETTER BEGINNINGS

A Program of Regent Park Community Health Centre

Statement of Donations Fund Operations and Net Assets (note 10)

Year Ended March 31, 2016

	2016	(note 14) 2015
Receipts		
Donations	\$ 45,447	\$ 49,570
Miscellaneous	74,628	-
	<u>120,075</u>	<u>49,570</u>
Expenditures		
Salaries	36,453	37,396
Program materials	5,110	13,881
	<u>41,563</u>	<u>51,277</u>
Excess of Receipts over Expenditures (Expenditures over Receipts)	78,512	(1,707)
Fund Balance - beginning of year	<u>108,331</u>	<u>110,038</u>
Fund Balance - end of year	<u>\$ 186,843</u>	<u>\$ 108,331</u>

(See Accompanying Notes to Financial Statements)

PARENTS FOR BETTER BEGINNINGS
A Program of Regent Park Community Health Centre
Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
Cash Flows from Operating Activities		
Excess of receipts over expenditures (expenditures over receipts)	\$ 78,512	\$ (1,707)
Changes in non-cash working capital:		
Amounts receivable	(1,947)	5,502
Accounts payable and accrued charges	159	2,755
	<u>76,724</u>	<u>6,550</u>
Net Increase in Cash	76,724	6,550
Cash - beginning of year	101,142	94,592
	<u>101,142</u>	<u>94,592</u>
Cash - end of year	\$ 177,866	\$ 101,142

(See Accompanying Notes to Financial Statements)

PARENTS FOR BETTER BEGINNINGS

A Program of Regent Park Community Health Centre

Notes to Financial Statements

March 31, 2016

1. Mission Statement

Parents for Better Beginnings, a Program of Regent Park Community Health Centre, is a primary prevention program funded by the Ministry of Education. Its purpose is to promote social, emotional, behavioural, physical and cognitive development in children and to strengthen the community around them.

2. Summary of Significant Accounting Policies

These financial statements have been prepared for filing with the Ministry of Education and other funders. The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations except for note 2(d). The following are the significant accounting policies:

a) Basis of Accounting

The Program follows the restricted fund method of accounting.

Restricted contributions related to general operations are recognized as receipts of the Operating Fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as receipts of the appropriate restricted fund.

Unrestricted contributions are recognized as receipts of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

See notes 6-10 for a description of all funds.

b) Use of Estimates

The preparation of the financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and expenditures during the reported period. Such estimates include providing for amortization of property and equipment as explained in note 2(c). Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in net assets in the period in which they become known.

PARENTS FOR BETTER BEGINNINGS
A Program of Regent Park Community Health Centre
Notes to Financial Statements
March 31, 2016

2. Summary of Significant Accounting Policies (cont'd)

c) Property and Equipment - Amortization

Equipment is stated at cost. Amortization, which is reported in the Statement of Changes in Restrictive Fund - Capital, is based on the estimated useful lives of the assets and is provided using the undernoted annual rates and methods:

Furniture and fixtures	5 years	Straight-line
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In the year of acquisition one half of the annual rate is used to calculate amortization.

d) Vacation Pay

The Program accounts for vacation pay on a cash basis in accordance with the funding policies of the Ministry of Education as described in note 3 of the financial statements.

e) Regent Park Community Health Centre (Core) and Pathways to Education

These statements do not include the operations, assets and liabilities of Regent Park Community Health Centre (Core) and Pathways to Education, which are reported separately.

Regent Park Community Health Centre has prepared audited financial statements that combined all three programs to which is attached an Independent Auditor's Report dated June 28, 2016.

f) Impairment of Long-lived Assets

Property and equipment and other long-lived assets are reviewed for impairment whenever changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value (net recoverable value). If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds its net recoverable value. Any impairment results in a write-down of the asset and a charge to net assets during the year.

PARENTS FOR BETTER BEGINNINGS
A Program of Regent Park Community Health Centre
Notes to Financial Statements
March 31, 2016

2. Summary of Significant Accounting Policies (cont'd)

g) Financial Instruments

The Program initially measures its financial assets and liabilities at fair value. The Program subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and cash equivalents, which is at fair value. Changes in fair value are recognized in the Statement of Receipts and Expenditures.

Financial assets measured at amortized cost include amounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the Statement of Receipts and Expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the Statement of Receipts and Expenditures.

3. Vacation Pay

The Program accounts for vacation pay on a cash basis in accordance with the funding policies of the Ministry of Education. Canadian accounting standards for not-for-profit organizations require that vacation pay earned and not paid be accrued as a liability in the accounts.

The unrecorded vacation pay liability as at March 31, 2016 was \$33,469 (2015 - \$40,275, 2014 - \$36,845). Had the 2016 vacation pay been accrued, excess of receipts over expenditures would have increased (decreased) by \$6,806 (2015 - (\$3,430)). In addition the current liabilities would have been increased and net assets would have decreased by \$33,469 (2015 - \$40,275).

4. Amounts Receivable

	2016	2015
Harmonized Sales Tax Rebate	\$ 9,989	\$ 9,903
Accounts Receivable - Other	<u>1,911</u>	<u>50</u>
	<u>\$ 11,900</u>	<u>\$ 9,953</u>

PARENTS FOR BETTER BEGINNINGS
A Program of Regent Park Community Health Centre
Notes to Financial Statements
March 31, 2016

5. Property and Equipment

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	<u>\$ 121,300</u>	<u>\$ 115,154</u>	<u>\$ 121,300</u>	<u>\$ 108,722</u>
Net book value		<u>\$ 6,146</u>		<u>\$ 12,578</u>

6. Restrictive Fund - Capital

The Restrictive Fund - Capital reflects the net amount invested in equipment. The amortization based on the useful life of the assets is also reflected in this fund.

7. Parents For Better Beginnings (Restricted)

As of April 1, 2014, the funding for this externally restricted program was transferred from the Ministry of Children and Youth Services to the Ministry of Education. Its purpose is to promote social, emotional, behavioural, physical and cognitive development in children and to strengthen the community around them. The surplus amount, if any, is required to be returned to the Ministry of Education (note 11).

8. Ontario Early Years Centre Fund (Restricted)

The purpose of this Program is to increase parents/caregivers' knowledge of communication and strengthen the relationship between parents and children, through parent/caregiver education, early learning programs for children up to six years old, and school readiness sessions.

9. Canada Peri-Natal Nutrition Fund (Restricted)

The purpose of this Program is to raise awareness of the importance of nutrition for new mothers and newborns of the community through educational meetings, seminars and workshops as well as distribution of food coupons.

10. Donations Fund (Internally Restricted)

This internally restricted fund is funded by donations of a general and designated nature given in support of Parents for Better Beginnings programs and services.

PARENTS FOR BETTER BEGINNINGS
A Program of Regent Park Community Health Centre
Notes to Financial Statements
March 31, 2016

11. Due to the Ministry of Education

	2016	2015
Total receipts from Ministry of Education	\$ 843,464	\$ 763,003
Total receipts from Ministry of Children and Youth Services	-	55,342
Deduct: expenditures eligible for operations	<u>(875,417)</u>	<u>(850,298)</u>
Excess of expenditures over receipts	(31,953)	(31,953)
Add: other income	<u>31,953</u>	<u>31,953</u>
Amounts due to the Ministry of Education	<u>\$ -</u>	<u>\$ -</u>

12. Commitments - Lease Agreement

The Program's office space is rented under a five-year lease from the City of Toronto which ends on January 12, 2021. The minimum rental payments, exclusive of sales taxes, are as follows:

2016/2017	\$ 63,184
2017/2018	49,704
2018/2019	54,674
2019/2020	60,141
2020/2021	<u>66,155</u>
	<u>\$ 293,858</u>

In addition, the Program has committed to pay its proportionate share of realty taxes and common area maintenance. These amounts are included in the payments listed above.

PARENTS FOR BETTER BEGINNINGS

A Program of Regent Park Community Health Centre

Notes to Financial Statements

March 31, 2016

13. Financial Instruments

The Program's financial instruments recorded on the Statement of Financial Position consist of cash, amounts receivable and all current liabilities. In management's opinion, the Program is not exposed to significant interest, currency or market risks arising from these financial instruments as explained below.

Liquidity Risk

Liquidity risk is the risk that the Program may not be able to meet its obligations. To mitigate this risk, the Program commits to spending on the various projects only after the funds are received from the various funders or has reasonable assurance that the funds will be received.

Credit Risk

Credit risk is the risk that the Program will incur a financial loss if the other party to a financial instrument fails to discharge the obligation. The Program is subject to credit risk on its amounts receivable. The Program actively manages and monitors its receivables on a regular basis to mitigate this risk.

14. Comparative Information

Certain figures for the comparative year ended March 31, 2015 have been reclassified to conform with the current year's financial statement presentation.