VERMONT SQUARE PARENT-CHILD MOTHER GOOSE PROGRAM

FINANCIAL STATEMENTS

JUNE 30, 2018

Peter W. Hogg
Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

To the Members
Vermont Square Parent-Child Mother Goose Program

I have audited the accompanying financial statements of Vermont Square Parent-Child Mother Goose Program which comprise the statement of financial position as at June 30, 2018, and the statements of operations, changes in 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 it 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from resource sales and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these amounts was limited to the amounts recorded in the organization's accounting records and I was not able to determine whether any adjustments might be necessary to resource sales and fundraising.

Qualified Opinion

In my opinion these financial statements present fairly, in all material respects, the financial position of Vermont Square Parent-Child Mother Goose Program as at June 30, 2018 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.

The prior year figures were reported on by another auditor with a date of November 27, 2017.

Peter W. Hogg

PETER W. HOGG
Chartered Professional Accountant
Licensed Public Accountant

Toronto, Ontario
October 24, 2018

1 King Street West
Suite 4009
Toronto, ON M5H 1A1

Tel: 416.369.0500
Fax: 416.369.0449
Email: pwhogg@palmerservices.com

VERMONT SQUARE PARENT-CHILD MOTHER GOOSE PROGRAM
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	2018	2017
ASSETS		
Current		
Cash	$ 27,062	$ 24,075
Short-term investment (Note 3)	20,059	20,595
Accounts receivable	1,350	14,050
Grants receivable	14,484	-
GST/HST receivable	1,129	891
Inventory	20,012	19,927
Prepaid expenses	443	443
	$ 84,539	$ 79,981
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 7,126	$ 8,570
Source deductions payable	2,177	1,958
Deferred grants (Note 4)	41,760	31,548
Deferred revenue (Note 6)	-	4,525
	51,063	46,601
Net Assets		
Unrestricted	33,476	33,380
	$ 84,539	$ 79,981

See accompanying notes to these financial statements

Approved on behalf of the Board:

Director

Director

VERMONT SQUARE PARENT-CHILD MOTHER GOOSE PROGRAM
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Sustainability and Development Fund	2018	2017
Balance, beginning of year	$ 13,380	$ 20,000	$ 33,380	$ 32,525
Excess of revenue over expenses	96	-	96	855
BALANCE, END OF YEAR	$ 13,476	$ 20,000	$ 33,476	$ 33,380

See accompanying notes to these financial statements

VERMONT SQUARE PARENT-CHILD MOTHER GOOSE PROGRAM
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018

		2018		2017
REVENUE				
City of Toronto	$	26,873	$	26,370
Foundations (Note 5)		88,422		93,816
Other grants (Note 7)		20,123		25,145
Workshop and resources		42,673		54,060
Memberships, fundraising and donations		11,962		1,741
Interest and other revenue		121		544
		190,174		201,676
EXPENSES				
Salaries and benefits		49,050		47,594
Workshops and resources		41,494		49,980
Program costs		71,387		72,212
Occupancy costs		7,256		7,278
Office and general		7,345		8,797
Insurance		3,720		3,661
Professional fees		9,201		11,229
Membership		225		70
Staff training		400		-
		190,078		200,821
EXCESS OF REVENUE OVER EXPENSES	$	96	$	855

See accompanying notes to these financial statements

VERMONT SQUARE PARENT-CHILD MOTHER GOOSE PROGRAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CASH PROVIDED BY (USED FOR)		
Operating activities		
Excess revenue over expenses for year	$ 96	$ 855
Changes in non-cash operating working capital:		
(Increase) decrease in accounts receivable	12,700	(9,985)
(Increase) decrease in grants receivable	(14,484)	-
(Increase) decrease in GST/HST receivable	(238)	1,233
(Increase) decrease in inventory	(85)	1,381
(Increase) decrease in prepaid expenses	-	401
Increase (decrease) in accounts payable and accruals	(1,444)	2,250
Increase (decrease) in source deductions payable	219	(500)
Increase (decrease) in deferred grants	10,212	20,626
Increase (decrease) in deferred revenue	(4,525)	4,525
Total cash from operating activities	2,355	19,931
INCREASE IN CASH FOR YEAR	2,451	20,786
Cash, beginning of year	44,670	23,884
CASH, END OF YEAR	$ 47,121	$ 44,670

CASH AND CASH EQUIVALENTS REPRESENTED BY:

	2018	2017
Cash	$ 27,062	$ 24,075
Short-term investment	20,059	20,595
	$ 47,121	$ 44,670

See accompanying notes to these financial statements

VERMONT SQUARE PARENT-CHILD MOTHER GOOSE PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. PURPOSE OF THE ORGANIZATION

Vermont Square Parent-Child Mother Goose Program (the "Corporation") uses rhymes, songs, and stories to teach parents of infants and toddlers how to foster attachment and enrich interactions with their children. It gives children's brains the right kind of stimulation during the most critical development period of their entire lives. Embracing newcomers and the rhymes and stories they bring, the program reaches out to low-income, isolated families and is committed to running programs in neighborhoods with limited resources and to receiving contributions for such work.

The Corporation was incorporated under the Ontario Corporations Act as a corporation without share capital. The Corporation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certian requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook, the more significant of which are outlined below.

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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Inventory

Inventory is valued at the lower of cost or net realizable value with provisions made for obsolete or slow moving items.

Revenue Recognition and Deferred Contributions

The Corporation receives some government grants for the projects which it undertakes. Grant revenue is recognized to the extent that expenses have been incurred for the projects. Revenue is deferred for the project expenses which have yet to be incurred. Grant revenue and fee for service revenue is recorded on the accrual basis while interest, fundraising and donation revenue are recorded on the cash basis.

Donated Services

Volunteers assist the Corporation in carrying out its charitable programs. Since these services are not normally purchased by the Corporation and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Financial Instruments

The Corporation initially measures its financial instruments 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 Corporation subsequently measures its financial instruments at amortized cost, except for investments in equity instruments which are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Changes in Net Assets in the year incurred.

Equipment

Equipment costing less than $2,500 is recorded as an expense in the year of purchase.

3. SHORT-TERM INVESTMENT

The short-term investment is invested in a term deposit issued by TD Canada Trust, bearing interest at 0.4%. The term deposit matures June 28, 2019.

4. DEFERRED GRANTS

Deferred grants are as follows:

	2018	2017
	$	$
Ontario Trillium Foundation - First Nations Project	31,000	-
City of Toronto - CSP	10,760	10,548
P.E.A.R.L. Foundation	-	16,000
Harris Foundation	-	5,000
	41,760	31,548

Continuity of deferred grants for the year is as follows:

	2018	2017
Deferred grants - Beginning of Year	31,548	10,922
Add - Received/receivable during the year	124,507	140,812
Less - Grant revenue recognized in the year	(114,295)	(120,186)
Deferred grants - End of Year	41,760	31,548

5. FOUNDATIONS

Foundations are as follows:

	2018	2017
	$	$
Leonard Wolinsky Foundation	20,000	20,000
P.E.A.R.L. Foundation	16,000	24,000
Etobicoke Brighter Futures	8,257	-
The Peter Gilgan Foundation	7,500	5,000
The Catherine & Maxwell Meighen Foundation	7,000	7,000
Tippet Foundation	7,000	5,000
Harris Foundation	5,665	10,916
The St. Andrew's Charitable Foundation	5,000	5,000
Toronto Community Foundation	5,000	5,000
J.P. Bickell Foundation	5,000	-
CIBC Children's Foundation	1,000	2,400
Jackman Foundation	1,000	1,000
George and Lindy Small Foundation	-	3,000
J.W. McConnell Family Foundation	-	3,000
The Ben and Hilda Katz Foundation	-	2,000
Georgina Foundation	-	500
	88,422	93,816

6. DEFERRED REVENUE

Deferred revenue represents funds received in the current fiscal year as payment for an event or project that will take place after the end of the current fiscal year. Deferred amounts are as follows:

	2018	2017
	$	$
Deferred fees for services	-	4,525

7. OTHER GRANTS

Other grants are comprised as follows:

	2018	2017
	$	$
Burgundy Asset Management Ltd.	10,000	10,000
Province of Ontario	6,123	3,250
TD Bank Group	3,500	3,500
Bull Wealth Management	500	-
Etobicoke Brighter Futures Coalition	-	8,395
	20,123	25,145

8. THE SUSTAINABILITY AND DEVELOPMENT FUND

Revenues and expenses from extraordinary activities as designated by the Board of Directors from time to time are recorded in this fund. These funds are to be used for activities determined by the Board that will assist the long term growth and sustainability of the Corporation.

9. COMMITMENTS

The Corporation has no long-term lease commitments.

10. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments.

Credit Risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations such that the Corporation could incur a financial loss. Cash, accounts receivable, grants receivable and GST/HST receivable are exposed to credit risk. Credit risk associated with cash is minimized by depositing cash with major financial institutions. Accounts, grants and GST/HST receivables risk are minimized since these amounts are due principally from the government, relating to HST rebates, and from other credit worthy organizations.

Currency Risk

The Corporation is exposed to currency risk due to changes in foreign exchange rates. Currency risk is minimal as the Corporation does not hold significant assets in foreign currencies.

Interest Risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in the fair value of future cash flows of financial instruments due to changes in market interest rates.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet a demand for cash or fund its obligations as they come due. The Corporation minimizes its liquidity requirements by preparing and monitoring forecasts of cash flow from operations and by holding assets that can be readily converted into cash.

The Corporation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant credit, currency, interest or liquidity risks. The fair value of these financial instruments appoximate their carrying values.