

**LAKESIDE CHILD CARE CENTRE**

**Financial Statements**

**Year Ended December 31, 2021**

**LAKESIDE CHILD CARE CENTRE**  
**Index to Financial Statements**  
**Year Ended December 31, 2021**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenue and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Lakeside Child Care Centre

### *Opinion*

We have audited the financial statements of Lakeside Child Care Centre (the organization), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of revenue and expenditures, changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2021 and 2020, and the results of its operations and cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Opinion*

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 organization in accordance with 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 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 in accordance with ASNPO, 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 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.

Those charged with governance are responsible for overseeing the organization'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 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.

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:

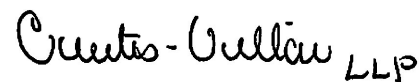
*(continues)*

Independent Auditor's Report to the Members of Lakeside Child Care Centre *(continued)*

- 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 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 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 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 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 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.

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.

Guelph, Ontario  
April 1, 2022



**CURTIS-VILLAR LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

LAKESIDE CHILD CARE CENTRE

Statement of Financial Position

As at December 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 93,164	\$ 95,147
Accounts receivable	1,645	964
Government assistance receivable (Note 4)	-	4,507
	<u>94,809</u>	<u>100,618</u>
PROPERTY, PLANT AND EQUIPMENT (Note 3)	<u>43,683</u>	<u>2,187</u>
	<u>\$ 138,492</u>	<u>\$ 102,805</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 21,145	\$ 20,179
Deferred revenue (Note 6)	41,138	10,066
Due to related parties (Note 7)	58,194	71,883
	<u>120,477</u>	<u>102,128</u>
<b>NET ASSETS</b>		
General fund (Note 2)	(60,462)	(98,140)
Restricted fund (Note 2)	78,477	98,817
	<u>18,015</u>	<u>677</u>
	<u>\$ 138,492</u>	<u>\$ 102,805</u>

See notes to financial statements

**LAKESIDE CHILD CARE CENTRE**  
**Statement of Revenue and Expenditures**  
**Year Ended December 31, 2021**

	2021	2020
<b>REVENUE</b>		
Child care fees	\$ 244,137	\$ 151,117
Grants <i>(Note 9)</i>	168,651	201,887
Other	308	-
	<u>413,096</u>	<u>353,004</u>
<b>EXPENDITURES</b>		
Salaries and wages <i>(Note 4)</i>	326,049	243,652
Supplies and expenses	25,576	35,241
Meals and snacks	13,402	7,767
Rent	12,000	6,000
Amortization <i>(Note 3)</i>	5,097	1,266
Professional fees	4,000	3,500
Interest and bank charges	3,558	3,897
Facilities and equipment	2,723	1,539
Insurance	2,357	1,743
Office	996	631
	<u>395,758</u>	<u>305,236</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>\$ 17,338</u>	<u>\$ 47,768</u>

See notes to financial statements

LAKESIDE CHILD CARE CENTRE

Statement of Changes in Net Assets

Year Ended December 31, 2021

	General Fund	Restricted Fund	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (98,140)	\$ 98,817	\$ 677	\$ (47,091)
Excess of revenue over expenditures	17,338	-	<b>17,338</b>	47,768
Interfund transfers <i>(Note 10)</i>	20,340	(20,340)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ (60,462)	\$ 78,477	\$ <b>18,015</b>	\$ 677

**LAKESIDE CHILD CARE CENTRE****Statement of Cash Flows****Year Ended December 31, 2021**

	<b>2021</b>	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 17,338	\$ 47,768
Item not affecting cash:		
Amortization of property, plant and equipment	<u>5,097</u>	1,266
	<u>22,435</u>	49,034
Changes in non-cash working capital:		
Accounts receivable	(681)	1,126
Accounts payable and accrued liabilities	966	137
Deferred revenue	31,072	(12,436)
Government assistance receivable	<u>4,507</u>	<u>(4,507)</u>
	<u>35,864</u>	(15,680)
Cash flow from operating activities	<u>58,299</u>	33,354
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(46,593)</u>	(1,160)
<b>FINANCING ACTIVITY</b>		
Advances from related parties	<u>(13,689)</u>	4,508
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(1,983)</b>	36,702
Cash - beginning of year	<u>95,147</u>	58,445
<b>CASH - END OF YEAR</b>	<b><u>\$ 93,164</u></b>	<b>\$ 95,147</b>
<b>CASH CONSISTS OF:</b>		
Cash	<b><u>\$ 93,164</u></b>	<b><u>\$ 95,147</u></b>

See notes to financial statements



# LAKESIDE CHILD CARE CENTRE

## Notes to Financial Statements

Year Ended December 31, 2021

---

### 1. DESCRIPTION OF BUSINESS

Lakeside Child Care Centre is a division of Lakeside Bible Church. Lakeside Child Care Centre provides child care for infants, toddlers and preschool children.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Cash and cash equivalents

Cash and cash equivalents consists of bank balances and cash on hand.

#### Revenue recognition

Lakeside Child Care Centre follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Child care fees are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants are recognized as revenue in the year in which the related expenditures are incurred.

Other revenue consists of revenue from fundraisers and is recorded when received.

#### Fund accounting

Lakeside Child Care Centre follows the deferral method of accounting for contributions.

The General Fund accounts for revenue and expenditures related to program delivery and administrative activities.

The Reserve Fund accounts for unspent funding received from the County of Wellington, designated for future use. Up to four months of operating expenditures may be held in this fund.

#### Tax Exempt Status

The organization is a not-for-profit organization and is therefore exempt from corporate income taxes.

#### Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Measurement uncertainty exists for amortization. Actual results could differ from these estimates.

*(continues)*

**LAKESIDE CHILD CARE CENTRE**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Equipment	20%	declining balance method
Leasehold improvements	5 years	straight-line method

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	<b>2021 Net book value</b>	2020 Net book value
Equipment	\$ 51,360	\$ 7,677	\$ 43,683	\$ 2,187
Leasehold improvements	5,184	5,184	-	-
	<b>\$ 56,544</b>	<b>\$ 12,861</b>	<b>\$ 43,683</b>	<b>\$ 2,187</b>

4. GOVERNMENT ASSISTANCE

During 2020, the Government of Canada created a program for organizations and businesses to apply for a wage subsidy, to help continue to pay their employees despite no work or less work due to COVID-19. One of the programs is the Temporary Wage Subsidy which allows eligible employers to reduce the amount of payroll deductions they need to remit and is equal to 10% of the remuneration paid from March 18 - June 19, 2020, up to \$1,375 for each eligible employee. The subsidy has been credited to salaries and wages and is not expected to be repaid.

Another program is the Canadian Emergency Wage Subsidy for 75% of employee wages is to help prevent further jobs losses and better position organizations to resume normal operations following the crisis and began on March 15, 2020. The subsidy has been credited to salaries and wages and is not expected to be repaid.

	<b>2021</b>	2020
Temporary Wage Subsidy	\$ -	\$ 1,385
Canadian Emergency Wage Subsidy	<b>34,494</b>	27,136
	<b>\$ 34,494</b>	<b>\$ 28,521</b>

**LAKESIDE CHILD CARE CENTRE**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

5. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	2021	2020
Employee deductions payable	<b>\$ 11,507</b>	\$ 8,114

6. DEFERRED REVENUE

The deferred grant represents restricted funding that is related to the subsequent year. The other deferred revenue relates to revenue from memberships and fees for service for the subsequent year.

	Deferred grants		Other deferred revenue	
	2021	2020	2021	2020
Balance, beginning of the year	\$ 1,044	\$ 17,723	\$ 9,022	\$ 4,774
Less amount recognized as revenue in the year	(209)	(17,723)	(6,772)	(2,774)
Plus amount received for the subsequent year	33,803	1,044	4,250	7,022
	<b>\$ 34,638</b>	\$ 1,044	<b>\$ 6,500</b>	\$ 9,022

7. DUE (TO) FROM RELATED PARTIES

	2021	2020
Lakeside Bible Church	\$ (194)	\$ (9,883)
Lakeside Bible Church - Demand loan	(58,000)	(62,000)
	<b>\$ (58,194)</b>	\$ (71,883)

Lakeside Bible Church is a related party as Lakeside Child Care Centre is a division of the church. Advances consist of a demand loan due 7 days after demand. The loan is non-interest bearing and has no set repayment terms. All other advances are non-interest bearing and have no set repayment terms. All other advances have been repaid in 2021 and are therefore classified as current. Loan transactions are not in the normal course of operations and are recorded at cost.

8. RELATED PARTY TRANSACTIONS

The following is a summary of the organization's related party transactions:

	2021	2020
Lakeside Bible Church		
<i>(Lakeside Child Care Centre is a division of Lakeside Bible Church)</i>		
Child care fees transferred	\$ 140,127	\$ 112,655
HST rebate reimbursement	5,629	2,787
Admin wage reimbursement	(22,960)	(16,572)

*(continues)*

**LAKESIDE CHILD CARE CENTRE**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

8. RELATED PARTY TRANSACTIONS *(continued)*

	2021	2020
Lakeside Bible Church <i>(continued)</i>		
Rent	(12,000)	(6,000)
Supplies and equipment expense reimbursement	(2,008)	(5,114)
Facilities and equipment expense reimbursement	(9,034)	(2,213)
Bank charges reimbursement	(1,998)	(2,145)
Insurance reimbursement	(2,106)	(1,743)
EHT reimbursement	(306)	(189)
Loan repayments	(4,000)	-
	<b>91,344</b>	81,466
	<b>\$ 91,344</b>	\$ 81,466

Transactions for rent 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. All other transactions are not in the normal course of business and are recorded at cost.

9. MAJOR CONTRIBUTIONS

	2021	2020
County of Wellington	\$ 168,651	\$ 201,887

10. INTERFUND TRANSFERS

The Reserve Fund transferred \$20,339.92 to the General Fund for excess expenses that were incurred and eligible for the General Operating Grant from the County of Wellington during the year.

11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

**LAKESIDE CHILD CARE CENTRE**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

---

12. COVID-19 IMPLICATIONS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at March 18, 2020, the organization is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its facilities mid March to July 2020 by the provincial government.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.