

**LAKESIDE CHILD CARE CENTRE**  
**Financial Statements**  
**For the Year Ended December 31, 2022**

**LAKESIDE CHILD CARE CENTRE**  
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**For the Year Ended December 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022 and 2021, 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, 2022 and 2021, 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). Further, Lakeside Child Care Centre (the organization) has complied, in all material respects, with the requirements identified under the agreements for the Canada-Wide Early Learning and Child Care and Wellington General Operating grants.

### *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 have obtained reasonable assurance that funding from Canada-Wide Early Learning and Child Care and Wellington General Operating Grant was used in accordance of the County of Wellington Guidelines. The funding from Canada-Wide Early Learning and Child Care Service Provider was applied to only those sites identified on the Canada-Wide Early Learning and Child Care Agreement - Schedule A and the funding from Wellington General Operating Grant was applied to only those sites identified on the General Operating Grant Agreement - Schedule A. 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.

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*Auditor's Responsibilities for the Audit of the Financial Statements*

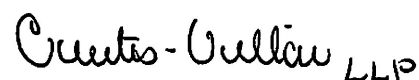
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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:

- 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  
March 27, 2023

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

LAKESIDE CHILD CARE CENTRE

Statement of Financial Position

As at December 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 97,336	\$ 93,164
Accounts receivable	13,995	1,645
	<u>111,331</u>	<u>94,809</u>
PROPERTY, PLANT AND EQUIPMENT (Note 4)	34,946	43,683
	<u>\$ 146,277</u>	<u>\$ 138,492</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 19,696	\$ 21,145
Deferred revenue (Note 7)	34,885	41,138
Due to related parties (Note 8)	54,185	58,194
	<u>108,766</u>	<u>120,477</u>
<b>NET ASSETS</b>		
General fund (unrestricted) (Note 2)	(78,767)	(94,994)
Restricted fund (externally restricted) (Note 2)	116,278	113,009
	<u>37,511</u>	<u>18,015</u>
	<u>\$ 146,277</u>	<u>\$ 138,492</u>

**LAKESIDE CHILD CARE CENTRE**  
**Statement of Revenue and Expenditures**  
**For the Year Ended December 31, 2022**

	2022	2021
<b>REVENUE</b>		
Child care fees	\$ 235,648	\$ 244,137
Grants <i>(Note 10)</i>	222,149	168,651
Other	-	308
Government assistance <i>(Note 5)</i>	-	34,494
	<u>457,797</u>	<u>447,590</u>
<b>EXPENDITURES</b>		
Salaries and wages	367,461	360,543
Meals and snacks	17,662	13,402
Supplies and expenses	16,620	25,576
Rent	13,750	12,000
Amortization <i>(Note 4)</i>	8,737	5,097
Professional fees	5,800	4,000
Facilities and equipment	2,982	2,723
Insurance	2,637	2,357
Interest and bank charges	2,231	3,558
Office	421	996
	<u>438,301</u>	<u>430,252</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>\$ 19,496</u>	<u>\$ 17,338</u>

See notes to financial statements

**LAKESIDE CHILD CARE CENTRE**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2022**

	General Fund <i>(unrestricted)</i>	Restricted Fund <i>(externally restricted)</i>	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (94,994)	\$ 113,009	\$ <b>18,015</b>	\$ 677
Excess of revenue over expenditures	19,496	-	<b>19,496</b>	17,338
Interfund transfers <i>(Note 11)</i>	(3,269)	3,269	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ (78,767)	\$ 116,278	\$ <b>37,511</b>	\$ 18,015

**LAKESIDE CHILD CARE CENTRE**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 19,496	\$ 17,338
Item not affecting cash:		
Amortization of property, plant and equipment	8,737	5,097
	<u>28,233</u>	<u>22,435</u>
Changes in non-cash working capital:		
Accounts receivable	(12,350)	(681)
Accounts payable and accrued liabilities	(1,449)	966
Deferred revenue	(6,253)	31,072
Government assistance receivable	-	4,507
	<u>(20,052)</u>	<u>35,864</u>
Cash flow from operating activities	<u>8,181</u>	<u>58,299</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	-	(46,593)
<b>FINANCING ACTIVITY</b>		
Advances from related parties	(4,009)	(13,689)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>4,172</b>	<b>(1,983)</b>
Cash - beginning of year	<u>93,164</u>	<u>95,147</u>
<b>CASH - END OF YEAR</b>	<b>\$ 97,336</b>	<b>\$ 93,164</b>
<b>CASH CONSISTS OF:</b>		
Cash	<u>\$ 97,336</u>	<u>\$ 93,164</u>

See notes to financial statements



**LAKESIDE CHILD CARE CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

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1. DESCRIPTION OF BUSINESS

Lakeside Child Care Centre is a division of Lakeside Bible Church. Lakeside Child Care Centre provides child care for 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.

Government assistance consists of funds received for the Temporary Wage Subsidy and the Canadian Emergency Wage Subsidy and are recorded when received or receivable.

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 six months of operating expenditures may be held for the General Operating Grant and up to three months of operating expenditures may be held for the Canada-Wide Early Learning and Child Care Grant.

Tax Exempt Status

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

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**LAKESIDE CHILD CARE CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

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

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.

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. ECONOMIC DEPENDENCE

The organization is economically dependent on County of Wellington. Should this funder substantially change its dealings with the organization, management is of the opinion that continued viable operations would be doubtful.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Equipment	\$ 51,360	\$ 16,414	\$ <b>34,946</b>	\$ 43,683
Leasehold improvements	5,184	5,184	-	-
	<b>\$ 56,544</b>	<b>\$ 21,598</b>	<b>\$ 34,946</b>	<b>\$ 43,683</b>

**LAKESIDE CHILD CARE CENTRE**  
**Notes to Financial Statements**  
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5. 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 government assistance revenue account and is not expected to be repaid. No amounts were received or receivable at year end.

	<b>2022</b>	<b>2021</b>
Temporary Wage Subsidy	\$ -	\$ -
Canadian Emergency Wage Subsidy	-	34,494
	<b>\$ -</b>	<b>\$ 34,494</b>

6. 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:

	<b>2022</b>	<b>2021</b>
Employee deductions payable	<b>\$ 7,906</b>	<b>\$ 11,507</b>

7. 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	
	<b>2022</b>	2021	<b>2022</b>	2021
Balance, beginning of the year	\$ 34,638	\$ 1,044	\$ 6,500	\$ 9,022
Less amount recognized as revenue in the year	(6,928)	(209)	(3,750)	(6,772)
Plus amount received for the subsequent year	-	33,803	4,425	4,250
Balance, beginning of the year	<b>\$ 27,710</b>	<b>\$ 34,638</b>	<b>\$ 7,175</b>	<b>\$ 6,500</b>

**LAKESIDE CHILD CARE CENTRE**  
**Notes to Financial Statements**  
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8. DUE (TO) FROM RELATED PARTIES

	2022	2021
Lakeside Bible Church	\$ (185)	\$ (194)
Lakeside Bible Church - Demand loan	<b>(54,000)</b>	(58,000)
	<b>\$ (54,185)</b>	\$ (58,194)

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 2023 and are therefore classified as current. Loan transactions are not in the normal course of operations and are recorded at cost.

9. RELATED PARTY TRANSACTIONS

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

	2022	2021
Lakeside Bible Church <i>(Lakeside Child Care Centre is a division of Lakeside Bible Church)</i>		
Child care fees transferred	\$ 91,461	\$ 140,127
HST rebate reimbursement	1,606	5,629
Admin wage reimbursement	(21,984)	(22,960)
Rent	(13,750)	(12,000)
Supplies and equipment expense reimbursement	(7,162)	(2,008)
Facilities and equipment expense reimbursement	(1,184)	(9,034)
Bank charges reimbursement	(511)	(1,998)
Insurance reimbursement	(2,517)	(2,106)
EHT reimbursement	(280)	(306)
Meals and snacks reimbursement	(387)	-
Loan repayments	(4,000)	(4,000)
	<b>41,292</b>	91,344
	<b>\$ 41,292</b>	\$ 91,344

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.

10. MAJOR CONTRIBUTIONS

	2022	2021
County of Wellington	\$ 222,149	\$ 168,651
Major contributions are recognized as part of grants.		

11. INTERFUND TRANSFERS

The General Fund transferred \$3,269 to the Reserve Fund for excess funds received for the General Operating Grant from the County of Wellington during the year.

**LAKESIDE CHILD CARE CENTRE**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

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12. 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, 2022.

(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**  
**For the Year Ended December 31, 2022**

13. ACCOUNTING ERROR

During the course of our audit, there was a restatement to opening balances that were materially misstated. This included the reallocation of the surplus general operating grant to the reserve account. Below is a summary of the financial areas impacted by the prior year errors:

	2022	2021
Opening balance impact		
Harmonized sales tax recoverable	\$ -	\$ -
	-	-
Accounts payable and accrued liabilities	-	-
Due to related parties	-	-
Deferred revenue	-	-
Net assets	-	-
Statement of Financial Position impact		
Harmonized sales tax recoverable	-	-
	-	-
Accounts payable	-	-
Due to related parties	-	-
Deferred revenue	-	-
Statement of Revenue and expenditures impact		
Grants	-	-
	-	-
Salaries and wages	-	-
Interest and bank charges	-	-
Facilities and equipment	-	-
Supplies and expenses	-	-
Statement of Changes in Net Assets impact		
Net Assets - Beginning of year	-	-
Excess of revenue over expenditures	-	-
Net assets - end of year	-	-
Unrestricted Net Assets	<b>(80,802)</b>	(98,140)
Reserve Fund Transfers	<b>(17,460)</b>	(14,191)
Reserve Fund	<b>116,277</b>	113,008
Net Income (Loss)	<b>19,496</b>	17,338

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.