Financial Statements of

MISSISSIPPI MILLS YOUTH CENTRE

Year ended December 31, 2020

MISSISSIPPI MILLS YOUTH CENTRE

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KPMG LLP
22 Wilson Street, West
Perth ON K7H 2M9
Canada
Tel 613-267-6580
Fax 613-267-7563

INDEPENDENT AUDITORS' REPORT

To the Members of Mississippi Mills Youth Centre

Opinion

We have audited the financial statements of Mississippi Mills Youth Centre (the "Entity"), which comprise:

- the statement of statement of financial position as at December 31, 2020
- the statement of operations and fund balances for the year ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements")

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 present fairly, in all material respects, the financial position of the Entity as at December 31, 2020 and its financial performance 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 not-for-profit organizations, the Entity derives revenue from donation and fund raising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, total assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***'Auditors' Responsibilities for the Audit of the Financial Statements'*** section of our auditor's report.

We are independent of the Entity 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.

Other Matters – Comparative Information

The financial statements for year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on these financial statements dated August 17, 2020.

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 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, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

January 10, 2022

MISSISSIPPI MILLS YOUTH CENTRE

Statement of Financial Position

December 31, 2020, with comparative information for 2019

		2020		2019
Assets				
Cash	$	36,703	$	7,345
Accounts receivable		24,483		4,347
	$	61,186	$	11,692
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities	$	6,790	$	2,999
Government payables		1,945		2,056
Deferred revenue		29,135		–
		37,870		5,055
Fund balances:				
Unrestricted		23,316		6,637
Economic dependence (note 2)				
	$	61,186	$	11,692

See accompanying notes to financial statements.

On behalf of the Board:

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MISSISSIPPI MILLS YOUTH CENTRE

Statement of Operations and Fund Balances

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020 (Unaudited) (note 4)	Actual 2020	Actual 2019
Revenues:			
County of Lanark	$ 40,000	$ 40,000	$ 40,000
Town of Mississippi Mills	5,000	13,941	–
United Way Forever Young	20,000	21,922	11,653
Federal wage grants	10,000	10,570	9,117
Ontario Sport and Recreation Grant	–	–	3,075
Other grants	95,000	46,758	3,618
Donations:			
Corporate	1,000	–	825
Community	3,500	10,255	3,669
Service clubs	9,000	7,800	9,375
Fundraising	8,000	2,954	9,049
Summer camp and workshop fees	7,500	4,520	7,484
Other income	–	500	450
	199,000	159,220	98,315
Expenses:			
Advertising and promotion	500	357	421
Fundraising expense	2,000	987	1,805
Insurance	3,120	3,083	3,034
Office costs	2,150	3,211	1,107
Operating costs	800	673	642
Professional fees	3,900	4,601	2,020
Professional development	1,000	315	415
Program costs	85,500	33,573	13,219
Summer camp costs	–	1,634	543
Salaries and wages	103,885	92,228	78,654
Telephone and internet	1,540	1,879	1,631
	204,395	142,541	103,491
Excess of revenue over expenses (expenses over revenue)	(5,395)	16,679	(5,176)
Fund balances, beginning of year	6,637	6,637	11,813
Fund balances, end of year	$ 1,242	$ 23,316	$ 6,637

See accompanying notes to financial statements.

MISSISSIPPI MILLS YOUTH CENTRE

Statement of Cash Flows

Year ended December 31, 2020, with comparative information 2019

		2020		2019
Operating activities:				
Excess of revenue over expenses (expenses over revenue)	$	16,679	$	(5,176)
Changes in non-cash working capital:				
Accounts receivable		(20,136)		(1,244)
Accounts payable		3,791		2,690
Government payables		(111)		1,144
Deferred revenue		29135		–
Cash flow from operating activities		29,358		(2,586)
Increase (decrease) in cash		29,358		(2,586)
Cash, beginning of year		7,345		9,931
Cash, end of year	$	36,703	$	7,345

See accompanying notes to financial statements.

The Mississippi Mills Youth Centre (the “Organization”) operates a drop in centre for youth between the ages of 10 and 18. The centre provides access to various programs and events including recreation, social, educational and life skills programs, activities, workshops and events. The centre is governed by a Board of Directors, and is located in the Municipality of Mississippi Mills. The Organization was incorporated under the Canada Not-For-Profit Corporations Act in January 2018 and obtained charitable status January 1, 2019.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions for not-for-profit organizations. Under the deferral method 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.

Restricted donations and grants are recognized as revenue when the related expenditure is incurred.

Grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Donations and other revenue are recorded as received.

(c) Expense recognition:

Expenses are recognized according to the accrual basis of accounting in that the expenses are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

(d) Donated services:

No amounts are reflected in the financial statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Organization and its activities.

1. Significant accounting policies (continued:

(e) Cash and cash equivalents:

Cash and cash equivalents are defined as cash and bank term deposits or equivalent financial instruments with original maturities upon issue of less than 90 days.

(f) Deferred revenue:

The Organization receives certain amounts for which the related services have yet to be performed. These amounts are recognized as revenues in the fiscal year the related expenses are incurred or services performed.

(g) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to subsequently carry all of its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Economic dependence:

The Organization is dependent on ongoing funding provided by the County of Lanark and the Municipality of Mississippi Mills.

3. Risk management:

In the normal course of operations, the Organization is exposed to a variety of financial risks which are actively managed by the Organization.

The Organization's financial instruments consist of cash, accounts payable and deferred revenue. The fair values of cash, accounts payable and deferred revenue approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

Credit risk:

Credit risk arises from the possibility that the entities to which the Organization provides services to may experience difficulty and be unable to fulfill their obligations. The Organization is exposed to financial risk that arises from the credit quality of the entities to which it provides services. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization requires working capital to meet day-to-day operating activities. Management expects that the Organization’s cash flows from operating activities will be sufficient to meet these requirements.

4. Budget information:

The Board of Directors approves an annual operating budget. The budget amounts are for comparison purposes and are unaudited.