

**Petawawa Military Family  
Resource Centre Incorporated**

**Financial Statements  
March 31, 2024**

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## Independent Auditor's Report

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To the Directors of  
Petawawa Military Family Resource Centre Incorporated

### Qualified opinion

We have audited the financial statements of Petawawa Military Family Resource Centre Incorporated (hereafter "the Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

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 Organization as at March 31, 2024, 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.

### Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising, excess of revenues over expenses and cash flows from operating activities for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023 and net assets as at April 1, 2023 and 2022 and March 31, 2024 and 2023. Our opinion on the financial statements for the year ended March 31, 2023 was qualified accordingly because of the possible effects of this limitation in scope.

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 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.

### **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 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:

- 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.

*Raymond Chabot Grant Thornton LLP*

Chartered Professional Accountants,  
Licensed Public Accountants

Ottawa, Canada  
September 16, 2024

# Petawawa Military Family Resource Centre Incorporated

## Operations

Year ended March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>Revenues</b>		
Contributions		
Directorate of Military Family Support	1,888,124	1,750,371
Garrison Petawawa	615,394	688,912
County of Renfrew	1,734,824	872,198
Ministry of Labour, Training and Skills Development		553,410
Employment service program, Serco Canada Inc	697,751	205,504
Donations and fundraising	29,719	165,757
United Way	3,076	5,483
Day care fees	977,856	1,228,830
Other Income	8,861	2,926
Interest income	117,663	76,239
	<u>6,073,268</u>	<u>5,549,630</u>
<b>Expenses</b>		
Salaries and employee benefits	4,914,751	4,108,022
Home day caregiver expenses	148,935	83,565
Professional development and travel	152,669	128,983
Program expenses	797,240	730,687
Office and supplies	53,101	44,801
Professional fees	56,324	33,046
Bank charges	23,986	37,234
Bad debts	14,446	14,070
Amortization of tangible capital assets	89,770	71,968
	<u>6,251,222</u>	<u>5,252,376</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>(177,954)</u>	<u>297,254</u>

The accompanying notes are an integral part of the financial statements.

## Petawawa Military Family Resource Centre Incorporated

### Changes in Net Assets

Year ended March 31, 2024

	<b>2024</b>			2023	
	Invested in tangible capital assets	Unrestricted	Capital and contingency reserve	Total	Total
	\$	\$	\$	\$	\$
Balance beginning of year	<b>158,858</b>	<b>827,210</b>	<b>2,180,518</b>	<b>3,166,586</b>	2,869,332
Excess (deficiency) of revenues over expenses	<b>(89,770)</b>	<b>(88,184)</b>		<b>(177,954)</b>	297,254
Internal restriction (Note 7)					
Acquisition of tangible capital assets	<b>88,173</b>	<b>(88,173)</b>			
Balance, end of year	<b>157,261</b>	<b>650,853</b>	<b>2,180,518</b>	<b>2,988,632</b>	3,166,586

The accompanying notes are an integral part of the financial statements.

# Petawawa Military Family Resource Centre Incorporated

## Cash Flows

Year ended March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	(177,954)	297,254
Non-cash items		
Amortization of tangible capital assets	89,770	71,968
Changes in working capital items		
Trade, contributions and other receivables	123,169	(224,913)
Prepaid expenses	(39,496)	
Trade payables and other operating liabilities	10,712	94,296
Deferred revenues	(392,001)	752,386
Cash flows from operating activities	<u>(385,800)</u>	<u>990,991</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of term deposits	(76,933)	(1,199,934)
Disposal of term deposits		471,604
Acquisition of tangible capital assets	(88,173)	(93,760)
Cash flows from investing activities	<u>(165,106)</u>	<u>(822,090)</u>
<b>Net increase (decrease) in cash</b>	<b>(550,906)</b>	168,901
Cash and cash equivalents, beginning of year	<u>2,871,908</u>	<u>2,703,007</u>
Cash and cash equivalents, end of year	<u><u>2,321,002</u></u>	<u><u>2,871,908</u></u>

The accompanying notes are an integral part of the financial statements.

# Petawawa Military Family Resource Centre Incorporated

## Financial Position

March 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>ASSETS</b>		
Current		
Cash	2,321,002	2,871,908
Trade, contributions and other receivables (Note 3)	364,969	488,138
Prepaid expenses	<u>40,975</u>	<u>1,479</u>
	2,726,946	3,361,525
Long-term		
Term deposit with the Canadian Forces Central Fund, bearing interest based on the average Bank of Montreal prime interest rate plus 0.25%	1,276,867	1,199,934
Tangible capital assets (Note 4)	<u>157,261</u>	<u>158,858</u>
	<u>4,161,074</u>	<u>4,720,317</u>
<b>LIABILITIES</b>		
Current		
Trade payables and other operating liabilities (Note 5)	368,077	357,365
Deferred revenues (Note 6)	<u>804,365</u>	<u>1,196,366</u>
	<u>1,172,442</u>	<u>1,553,731</u>
<b>NET ASSETS</b>		
Invested in tangible capital assets	157,261	158,858
Unrestricted	650,853	827,210
Internally restricted - Capital and contingency reserve (Note 7)	<u>2,180,518</u>	<u>2,180,518</u>
	<u>2,988,632</u>	<u>3,166,586</u>
	<u>4,161,074</u>	<u>4,720,317</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



# Petawawa Military Family Resource Centre Incorporated

## Notes to Financial Statements

March 31, 2024

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### **1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION**

The Organization is incorporated without share capital under the Ontario Business Corporations Act as a not-for-profit organization. The Organization's principal activities include the provision of family support services for the military community. The Organization is a registered charity under the Income Tax Act and is therefore exempt from income taxes.

### **2 - SUMMARY OF ACCOUNTING POLICIES**

#### **Basis of presentation**

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Accounting estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

#### **Revenue recognition**

##### *Contributions*

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses 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.

Since contributions resulting from the Canada Emergency Wage Subsidy may be examined by the tax authorities, retroactive application clarifications were introduced after the program was announced and some rules may be interpreted differently by the tax authorities, it is possible that the amounts granted will differ from the amounts recorded.

##### *Day care fees*

Revenue from day care fees is recognized when persuasive evidence of an arrangement exists, services have been rendered, the price to the buyer is fixed or determinable and collection is reasonably assured.

##### *Net investment income*

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Interest income is recognized on a time apportionment basis.

# Petawawa Military Family Resource Centre Incorporated

## Notes to Financial Statements

March 31, 2024

### 2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

#### Financial assets and liabilities

##### *Initial measurement*

Upon initial measurement, the Organization's financial assets and liabilities from transactions not concluded with related parties are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Organization's financial assets and liabilities from related party transactions are measured at cost.

##### *Subsequent measurement*

At each reporting date, the Organization measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

#### Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

##### *Amortization*

Tangible capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

	<u>Periods</u>
Furniture and equipment	5 years
Leasehold improvements	Lease term - 10 years
Computer Equipment	3 years

##### *Write-down*

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

# Petawawa Military Family Resource Centre Incorporated

## Notes to Financial Statements

March 31, 2024

### 2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

#### Net assets

##### *Invested in capital assets*

The net assets invested in capital assets include amounts used for the purchase of capital assets net of accumulated amortization expense and financing costs for the year ended.

##### *Unrestricted net assets*

The unrestricted net assets is an operating reserve, which has been established for the general operation of the Organization.

##### *Internally restricted net assets - Capital and contingency reserve*

The internally restricted net assets reflect the amounts that have been formally set aside by the Organization to be used for specific purposes as approved by the Board of Directors.

### 3 - TRADE, CONTRIBUTIONS AND OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u>
	\$	\$
Trade accounts receivable	297,778	387,940
Accrued interest	59,165	56,767
Indirect taxes receivable	69,834	65,899
Contributions receivable	<u>1,313</u>	<u>26,207</u>
	428,090	536,813
Allowance for impairment	<u>63,121</u>	<u>48,675</u>
	<u><u>364,969</u></u>	<u><u>488,138</u></u>

### 4 - TANGIBLE CAPITAL ASSETS

	<u>2024</u>			<u>2023</u>
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Leasehold improvements	206,481	188,995	17,486	9,403
Furniture and equipment	62,220	34,194	28,026	32,001
Computer equipment	<u>243,286</u>	<u>131,537</u>	<u>111,749</u>	<u>117,454</u>
	<u><u>511,987</u></u>	<u><u>354,726</u></u>	<u><u>157,261</u></u>	<u><u>158,858</u></u>

### 5 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2024</u>	<u>2023</u>
	\$	\$
Accounts payable and accrued liabilities	88,166	115,571
Salaries and employee benefits payable	<u>279,911</u>	<u>241,794</u>
	<u><u>368,077</u></u>	<u><u>357,365</u></u>

# Petawawa Military Family Resource Centre Incorporated

## Notes to Financial Statements

March 31, 2024

### 6 - DEFERRED REVENUES

				2024	2023	
	Garrison Funding for personal and family services	County of Renfrew Funding for daycare services	Directorate of Military Family Support Funding for program services	Daycare fees	Total	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year		691,808	495,913	8,645	1,196,366	443,980
Amount recognized in operations		(91,808)	(495,913)	(8,645)	(596,366)	(441,880)
Amount received relating to the following year	200,000			4,365	204,365	1,194,266
Balance, end of year	200,000	600,000		4,365	804,365	1,196,366

### 7 - CAPITAL AND CONTINGENCY RESERVE NET ASSETS

The Capital and contingency reserve net assets is an internally restricted reserve that was established by the Board of Directors of the Organization on June 17, 2015. These net assets are reserved for capital purchases and to ensure adequate funds are available to cover costs and outstanding payables should the Organization discontinue operations.

During the year, the Organization's Board of Directors restricted \$nil (\$198,169 in 2023) from unrestricted net assets to the capital and contingency reserve net assets.

### 8 - RELATED PARTY TRANSACTIONS

During the year, the Organization collected day care fees of \$2,489 (\$16,861 for the year ended March 31, 2023) from members of the Board of Directors. These transactions were concluded in the normal course of operations and are measured at the exchange amount, excluding the resulting financial instruments.

### 9 - FINANCIAL RISK

#### Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are trade, contributions and other receivables (excluding indirect taxes receivable) since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

#### Market risk

The Organization's financial instruments expose it to market risk, in particular, interest rate risk resulting from its operating activities:

# Petawawa Military Family Resource Centre Incorporated

## Notes to Financial Statements

March 31, 2024

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### **9 - FINANCIAL RISK (Continued)**

#### *Interest rate risk*

The Organization is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The term deposits bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

#### **Liquidity risk**

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the statement of financial position.

### **10 - COMMITMENTS**

The Organization has entered into long-term lease agreements for the rental of buildings which call for minimum lease payments of \$132,600.

These leases expire on various dates between September 2025 and December 2027.

Minimum lease payments for the next five years are \$44,400 in 2025, \$35,400 in 2026, \$26,400 in 2027 and \$26,400 in 2028.