

SUNNY DAYS GROUP PROGRAM

FINANCIAL STATEMENTS

December 31, 2023

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of
SUNNY DAYS GROUP PROGRAM

We have reviewed the accompanying financial statements of **SUNNY DAYS GROUP PROGRAM** (the Corporation), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Corporation derives revenues from donations and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donations and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2023, current assets as at December 31, 2023, and net assets as at January 1 and December 31, 2023.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (continued)

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **SUNNY DAYS GROUP PROGRAM** as at December 31, 2023, 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.

Other Matter

Comparative figures for the year ended December 31, 2022 are neither audited nor reviewed.

Trenton, Ontario
July 2, 2024



CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

SUNNY DAYS GROUP PROGRAM
(Incorporated without share capital under the laws of Ontario)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	2023	2022
CURRENT ASSETS		
Cash	\$ 150,276	\$ 243,576
Short-term investment - Note 4	5,500	5,500
HST rebate receivable	6,120	6,219
Prepaid expenses	-	2,119
	161,896	257,414
TANGIBLE CAPITAL ASSETS - Note 5	557,864	-
	\$ 719,760	\$ 257,414
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 7,903	\$ 5,831
Capital donations unspent	-	48,076
Current portion of long-term debt - Note 6	6,084	-
	13,987	53,907
LONG-TERM DEBT - Note 6	405,933	-
DEFERRED CAPITAL CONTRIBUTIONS - Note 7	80,868	-
	486,801	-
	500,788	53,907
NET ASSETS		
Invested in tangible capital assets - internally restricted	64,979	-
Unrestricted	153,993	203,507
	218,972	203,507
	\$ 719,760	\$ 257,414

Approved by the Board:

 _____ Director

 _____ Director

(Unaudited)
(See accompanying notes)

SUNNY DAYS GROUP PROGRAM
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUE		
Programs and services	\$ 187,361	\$ 185,156
Donations and fundraising	69,314	64,609
Interest and other	5,386	1,261
HST rebate	5,436	6,219
Government wage grant	4,816	-
Amortization of deferred capital contributions	1,650	-
	<u>273,963</u>	<u>257,245</u>
EXPENSES		
Amortization	8,579	-
Bank charges, interest and penalties	3,340	2,798
Fundraising costs	4,240	9,424
Furniture and equipment	-	14,145
Insurance	4,451	4,151
Interest on long-term debt	2,655	-
Maintenance and repairs	2,289	2,200
Professional fees	4,238	5,085
Program supplies and costs	31,735	23,921
Property taxes	850	-
Rent	30,030	24,408
Telephone and utilities	11,467	6,945
Travel costs	880	1,970
Wages and benefits	153,744	120,819
	<u>258,498</u>	<u>215,866</u>
EXCESS OF REVENUE OVER EXPENSES	15,465	41,379
NET ASSETS, beginning of year	<u>203,507</u>	<u>162,128</u>
NET ASSETS, end of year	<u>\$ 218,972</u>	<u>\$ 203,507</u>

(Unaudited)
(See accompanying notes)

**SUNNY DAYS GROUP PROGRAM
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 15,465	\$ 41,379
Adjustment for:		
Amortization	8,579	-
Amortization of deferred capital contributions	(1,650)	-
	22,394	41,379
Change in non-cash working capital components:		
HST rebate receivable	99	(1,975)
Accounts receivable	-	6,460
Prepaid expenses	2,119	-
Accounts payable and accrued liabilities	2,072	(8,019)
	26,684	37,845
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short-term investment	(5,500)	(5,500)
Proceeds on redemption of short-term investment	5,500	-
Purchase of tangible capital assets	(566,443)	-
	(566,443)	(5,500)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of long-term debt	412,500	-
Repayment of long-term debt	(483)	-
Restricted donations - capital	34,442	31,912
	446,459	31,912
 INCREASE (DECREASE) IN CASH	(93,300)	64,257
CASH, beginning of year	243,576	179,319
CASH, end of year	\$ 150,276	\$ 243,576

(Unaudited)
(See accompanying notes)

**SUNNY DAYS GROUP PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

1. PURPOSE OF ORGANIZATION

Sunny Days Group Program is a not-for-profit organization that is a registered charity for income tax purposes. The Corporation is incorporated without share capital under the laws of the province of Ontario. The Corporation's mission is to provide day care services to individuals with special needs.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Financial Instruments

The Corporation's cash is initially recognized and subsequently measured at fair market value. All other financial instruments are subsequently measured at amortized cost.

Tangible Capital Assets and Amortization

Tangible capital assets are stated at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Furniture and equipment	5 years

Amortization is recorded using one half of the annual rate in the year of acquisition.

Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured. Other income is recognized as earned.

Contributed Materials and Services

Donated materials, other than services, are recorded at fair market value at the time of the contribution. Donated services are not recorded by the Corporation.

(Unaudited)

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Welch LLP

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**SUNNY DAYS GROUP PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant estimates include those used when determining the estimated useful lives of the Corporation's tangible capital assets and recording accrued liabilities.

3. FINANCIAL INSTRUMENTS

Credit Risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Corporation's maximum exposure to credit risk represents the carrying value of its cash and amounts receivable.

The Corporation's cash is deposited with a chartered bank and receivables are HST rebates and as a result, management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet a demand for cash or fund its obligations as they become due. The Corporation manages this risk by preparing budgets and reviewing future cash flow requirements.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

(Unaudited)

**SUNNY DAYS GROUP PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

3. FINANCIAL INSTRUMENTS (continued)

Currency Risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Corporation's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, the Corporation does not believe it is exposed to significant currency risk.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments and future cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Corporation is not exposed to significant interest rate risk since it has no interest bearing investments and no debts subject to variable interest rates.

Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Corporation is not exposed to other price risk.

Changes in Risk

There have been no significant changes in the Corporation's risk exposures from the prior year.

4. SHORT-TERM INVESTMENT

Short-term investment consists of the following

	<u>2023</u>	<u>2022</u>
Guaranteed Investment Certificate		
3.00% due October 14, 2023	\$ -	\$ 5,500
2.25% due October 14, 2024	5,500	-
	<u>\$ 5,500</u>	<u>\$ 5,500</u>

(Unaudited)

**SUNNY DAYS GROUP PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2023 Cost	2023 Accumulated amortization	2023 Net	2022 Net
Land	\$ 137,500	\$ -	\$ 137,500	\$ -
Building	428,943	8,579	420,364	-
	<u>\$ 566,443</u>	<u>\$ 8,579</u>	<u>\$ 557,864</u>	<u>\$ -</u>

6. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2023</u>	<u>2022</u>
RBC mortgage - interest at 7.83%, repayable in blended monthly instalments of \$3,138 until November 2025 and secured by land and building at 1 Young Street, Brighton, ON	\$ 412,017	\$ -
Less current portion	(6,084)	-
	<u>\$ 405,933</u>	<u>\$ -</u>

Estimated principal repayments are as follows:

2024	\$ 6,084
2025	405,933

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of restricted donations spent on capital assets to be amortized. Amounts are amortized on the same basis as the capital assets to which they relate. The changes in the deferred capital contributions balance is as follows:

	<u>2023</u>	<u>2022</u>
Restricted contributions used for capital purchases	\$ 82,518	\$ -
Less: amounts amortized to revenue	(1,650)	-
Balance, end of year	<u>\$ 80,868</u>	<u>\$ -</u>