

**ASSOCIATION OF EARLY CHILDHOOD
EDUCATORS, ONTARIO
FINANCIAL STATEMENTS
MARCH 31, 2021**

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO

MARCH 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Association of Early Childhood Educators, Ontario

Opinion

I have audited the financial statements of The Association of Early Childhood Educators, Ontario which comprises the statement of financial position as at March 31, 2021, and the statements of financial activities, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Association of Early Childhood Educators, Ontario as at March 31, 2021, and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

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 a 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jeffrey D. Milgram, CPA, CA, LPA.

Matter of Emphasis

As further detailed in Note 12 of these financial statements, certain aspects of the Organization's operations have either temporarily, or permanently, ceased effective March 13, 2020, in response to the Coronavirus -19 pandemic.



JEFFREY D. MILGRAM PROFESSIONAL CORPORATION
Authorized to practise public accounting by
The Institute of Chartered Professional Accountants of Ontario

TORONTO, ONTARIO
AUGUST 16, 2021

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>ASSETS</u>		
CURRENT		
Cash and cash equivalents	309,290	114,088
Accounts receivable and accrued interest (Note 7)	62,061	22,573
Government excise tax recoverable	9,039	4,597
Prepaid expenses	<u>2,206</u>	<u>1,316</u>
	<u>382,596</u>	<u>142,574</u>
<u>LIABILITIES AND NET ASSET</u>		
CURRENT		
Trust funds (Note 3)	9,795	16,641
Accounts payable and accrued liabilities	<u>21,775</u>	<u>12,550</u>
	<u>31,570</u>	<u>29,191</u>
LONG TERM		
Canada Emergency Business Account Loan (Note 4)	28,479	-
DEFERRED REVENUE		
Deferred contributions related to operations (Note 5)	<u>189,574</u>	<u>107,977</u>
	249,623	137,168
NET ASSETS	<u>132,973</u>	<u>5,406</u>
	<u>382,596</u>	<u>142,574</u>

APPROVED ON BEHALF OF THE BOARD:

_____ **DIRECTOR**

_____ **DATE**

_____ **DIRECTOR**

_____ **DATE**

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

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance (deficit), beginning of year	5,406	(8,393)
Net excess revenues over expenses for the year	<u>127,567</u>	<u>13,799</u>
Balance, end of year	<u>132,973</u>	<u>5,406</u>

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

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
REVENUES		
Donations (Note 6)	6,538	5,189
Fundraising and sundry revenue	27,179	25,920
Grants (Note 7)	280,863	181,836
Membership fees	108,013	111,899
Publications and promotions	2,800	6,254
Interest and sundry	752	239
Member event(s) (Note 8)		
• Workshops and sundry	<u>4,495</u>	<u>11,579</u>
	<u>430,640</u>	<u>342,916</u>
EXPENDITURES		
Administrative		
Bank charges and other fees	5,026	4,561
Equipment purchases, repairs and rentals	5,599	5,790
Insurance	3,943	4,037
Office rent (Note 9)	32,877	34,551
Postage, stationery and supplies	1,017	1,617
Printing and promotions	11,955	17,359
Professional fees	6,768	6,301
Salaries and benefits	181,899	177,897
Telephone	2,105	2,180
Travel and meetings	<u>5,662</u>	<u>10,248</u>
	256,851	264,541
Less: Overhead expense recoveries (Note 9)	(22,360)	(26,546)
Program recoveries (Note 10)	<u>(89,478)</u>	<u>(89,306)</u>
	<u>145,013</u>	<u>148,689</u>
Programs		
Atkinson Decent Work (Note 7A)	103,305	76,981
Better Future for Children Program (Note 7B)	51,414	48,400
Provincial Centre of Excellence (Note 7C)	-	30,197
Social Development Innovation (Note 7D)	2,841	23,429
Membership (Note 8)	<u>500</u>	<u>1,421</u>
	<u>158,060</u>	<u>180,428</u>
	<u>303,073</u>	<u>329,117</u>
NET EXCESS REVENUE OVER EXPENSES		
FOR THE YEAR	<u>127,567</u>	<u>13,799</u>

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

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
FUNDS USED BY OPERATIONS		
Operating activities		
Net excess revenues over expenses for the year	127,567	13,799
Adjust: Items not requiring an immediate outlay of cash:		
Deferred revenue – prior year	<u>(107,977)</u>	<u>(129,727)</u>
	19,590	(115,928)
Deferred contributions – current year	<u>189,574</u>	<u>107,977</u>
	209,164	(7,951)
Changes in non-cash operating elements of working capital	<u>(42,441)</u>	<u>10,722</u>
CASH USED BY OPERATING ACTIVITIES	<u>166,723</u>	<u>2,771</u>
FINANCING ACTIVITIES		
Canada Emergency Business Loan	<u>28,479</u>	-
CASH PROVIDED BY FINANCING ACTIVITIES	<u>28,479</u>	-
NET INCREASE IN CASH	195,202	2,771
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>114,088</u>	<u>111,317</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>309,290</u>	<u>114,088</u>

Cash and Cash Equivalents:

Cash and cash equivalents consist of the following holdings at year end:

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash – cash on hand	100	100
Cash – deposits held in PayPal online account	-	8,851
Cash – deposits held in Eventbrite online account	2,563	-
Cash – deposits held in Canadian banks	<u>306,627</u>	<u>105,137</u>
	<u>309,290</u>	<u>114,088</u>

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

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

1. Operations and Accounting Framework

Operations

The Association of Early Childhood Educators, Ontario (AECEO) is a professional association for early childhood educators in Ontario.

Accounting Framework

The Organization prepares its financial statements in accordance with the Chartered Professional Accountants of Canada (CPA, Canada) (formerly the Institute of Chartered Accountants (CICA)) Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO).

Mission Statement

The AECEO's mission is to serve and act on behalf of early childhood educators in Ontario by:

- Supporting the professional growth of early childhood educators through the provision of ongoing professional development, training, and best practices;
- Advocating on behalf of the profession;
- Promoting and supporting quality early learning and care as an integral part of a child's healthy development;
- Disseminating research, educational resources and topical information about early learning and care to the public, governments and other related professionals;
- Coordinating opportunities for communication and networking among early childhood educators and others interested in early childhood education and care;
- Promoting and supporting research and advancement in the field of early childhood education and care;
- Building capacity and leadership between the profession, communities and stakeholder groups to advocate for children and families; and,
- Making known to parents and the general public the value and importance of early childhood education and early childhood educators.

2. Significant Accounting Policies

The accounting policies of the organization are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

**ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

2. Significant Accounting Policies - Continued

Cash and Cash Equivalents

Cash and equivalents include cash on hand, current bank deposits, and investment deposits with a maturity of 90 days or less from the date of the year end.

Investments

Short term investments include investments with a maturity date of more than 90 days from the year end date but less than one year to maturity. Long term investments include those investments with a maturity date in excess of one year from the year end date. It is the policy of management to immediately dispose of any equity investment donated to the Organization.

Income Recognition

The Association 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 if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues generated from memberships, programs and conference are recognized as revenue as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance related to current operating expenditures is reflected in the accounts as a revenue item in the current year. Assistance related to program expenditures is taken into income over the duration of the program in accordance with the funding contract and/or in relation to the timing of the program expenditures incurred. Subsidies and grants awarded under Coronavirus 19 pandemic (Covid-19) legislation, whether government or privately funded, is recognized as approved by the funding agency. Assistance related to the purchase of capital assets is taken into income in the year the capital expenditure is made.

Interest is recognized as earned. Capital gains and losses are recognized on the settlement date of the transaction, or, for unrealized gains and losses, periodically at year end by an adjustment to fair value which is included in the determination of net income.

Capital Assets – can be deleted; no capital assets held by the organization

Capital assets purchased in excess of \$5,000, are recorded at cost and are depreciated at rates sufficient to amortize the cost of the asset over their estimated useful lives. Those assets acquired that are not in excess of \$5,000 are written off to operations in the year of acquisition.

**ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

2. Significant Accounting Policies - Continued

Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Any variations between these estimates and actual amounts are not expected to materially affect the reported amounts, unless otherwise disclosed. During the current year, management has recorded, into the accounts, estimates pertaining to prepaid expenses, certain accounts payable and accrued liabilities and deferred program revenue. Management also exercised its judgment in estimating the allocation of expenses between the various programs undertaken by the Organization in the year. In 2020, additional estimates pertaining to subsidies applied for under Covid-19 pandemic legislation, include estimates of the qualifying revenue and wages used in the determination of subsidy revenue claims.

Contributed Materials and Services

Donations of materials and services which are not normally purchased by the Organization are not recorded in the accounts.

The work of the Association is partially dependent on the voluntary service of its members. Since these services are not normally purchased by the Association, and because of the difficulty of determining their fair value, the value of donated volunteer services is not recognized in these statements.

Income Tax Status

The Association is registered as a charitable organization for income tax purposes and therefore qualifies for tax-exempt status under paragraph 149(1)(f) of the Income Tax Act (Canada).

Financial Assets and Financial Liabilities

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

2. Significant Accounting Policies - Continued

Financial Assets and Financial Liabilities - Continued

(i) Measurement of financial instruments - Continued

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are based on public stock exchange transactions in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, trade and sundry amounts receivable, and fixed income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

2. Significant Accounting Policies - Continued

Financial Assets and Financial Liabilities - Continued

(ii) Impairment - Continued

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

3. Trust Funds

Math Workshop – These trust funds pertain to third party operating funds administered for the "Math Network"; an independent and unrelated organization with similar goals as the Association. As trustee, the Association releases funds upon proof of expenditure by the Organization on behalf of its funding agency. As at the year end date, the Association holds \$9,795 of funds in trust (2020 - \$16,641) for the Math Network.

4. Canada Emergency Business Account (CEBA)

In fiscal 2021 year, the Organization applied for and received a \$40,000 loan under the Canada Emergency Business Account (CEBA) as part of the Federal government's Covid-19 relief legislation. The loan is interest-free and if paid by December 31, 2022, \$10,000 of the loan is forgivable. The Organization's management believes that the Organization will be in a position to allow for the repayment of the loan by the above specified date; therefore, the loan's forgivable portion of \$10,000 has been recognized as revenue in the current year. In addition, the loan has been stated at its fair value and will be amortized to face value over the remaining life to the date of repayment at a rate of \$72.44 monthly.

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

5. Deferred Contributions

	<u>2021</u>	<u>2020</u>
	\$	\$
Advertising copy	525	2,725
Membership revenue	47,899	53,852
Grant - Better Future for Children Program	-	51,400
Grant - Atkinson Decent Work (Note 5)	<u>141,150</u>	<u>-</u>
	<u>189,574</u>	<u>107,977</u>

6. Donations

The following donations were received during the year:

	<u>2021</u>	<u>2020</u>
	\$	\$
Individuals	4,208	5,189
Foundations	2,000	-
Corporate	<u>330</u>	<u>-</u>
	<u>6,538</u>	<u>5,189</u>

7. Grants

In any particular year, the organization operates one or more programs that receive both private and government funding. The details below summarize the revenue, expenditures, and calculation of the deferred revenue for each of the programs conducted in the fiscal years 2019-2020 and 2020-2021 along with the results of general operations for the year.

	<u>2021</u>	<u>2020</u>
	\$	\$
Program:		
Better Future for Children Program	51,400	48,400
Lawson Foundation	-	5,000
Provincial Centre of Excellence	-	30,197
Social Development Innovation Grant	-	23,429
Atkinson Decent Work	<u>104,025</u>	<u>74,810</u>
	<u>155,425</u>	<u>181,836</u>
Covid-19:		
Canada Emergency Business Account	11,956	-
Canada Emergency Wage Subsidy	<u>113,482</u>	<u>-</u>
	<u>125,438</u>	<u>-</u>
Total grant revenue:	<u>280,863</u>	<u>181,836</u>

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

7. Grants

Covid-19: - continued

Under the Covid-19 relief provisions announced by the Federal government and as administered by the Canada Revenue Agency (CRA), the Organization applied for the Canada Emergency Wage Subsidy (CEWS) which entitled the Organization to claim a wage subsidy, with restriction and limitations, for those employees retained on payroll, including any employees furloughed, during the closure period, to the fiscal year end. The total claimed under this program amounted to \$113,482 in the 2021 fiscal year of which, \$59,088 is outstanding and included in the accounts receivable as at the year end date.

Program Grant Summary:

A) Atkinson Foundation – Decent Work Fund Revenue

	<u>2021</u>	<u>2020</u>
	\$	\$
Ancillary revenue	(720)	400
Program funding	<u>245,175</u>	<u>74,410</u>
Total revenue:	<u>244,455</u>	<u>74,810</u>

Atkinson Foundation – Decent Work Fund Deferred

	<u>2021</u>	<u>2020</u>
	\$	\$
Deferred revenue, beginning of year	-	74,410
Grant funding revenue received during the year	<u>244,455</u>	<u>400</u>
	<u>244,455</u>	<u>74,810</u>

Expenditures

Salaries and others	(83,800)	(41,188)
Office and administration contribution	<u>(19,505)</u>	<u>(35,793)</u>
	<u>(103,305)</u>	<u>(76,981)</u>

Deferred revenue, end of year	<u>141,150</u>	<u>-</u>
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ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

7. Grants

Program grants summary - Continued

B) Better Future for Children Program

	<u>2021</u>	<u>2020</u>
	\$	\$
Program funding	<u>51,400</u>	<u>48,400</u>
Total revenue:	<u>51,400</u>	<u>48,400</u>

Better Future for Children Program Deferred

	<u>2021</u>	<u>2020</u>
	\$	\$
Deferred revenue, beginning of year	51,400	-
Grant funding revenue received during the year	<u>-</u>	<u>99,800</u>
	<u>51,400</u>	<u>99,800</u>
Expenditures		
Contract services	(48,575)	(48,400)
Office and administration contribution	<u>(2,839)</u>	<u>-</u>
	<u>(51,414)</u>	<u>(48,400)</u>
Deferred revenue, taken into general operations	<u>(14)</u>	<u>51,400</u>

C) Provincial Centre of Excellence

	<u>2021</u>	<u>2020</u>
	\$	\$
Program funding	<u>-</u>	<u>30,197</u>
Total revenue:	<u>-</u>	<u>30,197</u>

Provincial Centre of Excellence Deferred

	<u>2021</u>	<u>2020</u>
	\$	\$
Deferred revenue, beginning of year	-	-
Grant funding revenue received during the year	<u>-</u>	<u>30,197</u>
	<u>-</u>	<u>30,197</u>
Expenditures		
Salaries and others	<u>-</u>	<u>-</u>
Deferred revenue, end of year	<u>-</u>	<u>-</u>

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

7. GrantsProgram grants summary - Continued**D) Social Development Innovation**

	<u>2021</u>	<u>2020</u>
	\$	\$
Ancillary revenue	2,841	-
Program funding	<u>-</u>	<u>23,429</u>
Total revenue:	<u>2,841</u>	<u>23,429</u>
 Social Development Innovation Deferred		
	<u>2021</u>	<u>2020</u>
	\$	\$
Deferred revenue, beginning of year	-	-
Grant funding revenue received during the year	<u>-</u>	<u>23,429</u>
	<u>-</u>	<u>23,429</u>
 Expenditures		
Salaries and others	2,841	(21,366)
Office and administration contribution	<u>-</u>	<u>(2,063)</u>
	<u>2,841</u>	<u>(23,429)</u>
 Deferred revenue, end of year	 <u>-</u>	 <u>-</u>

8. Member Events

The Association held the following member events; results are shown net of related expenditures:

	<u>2021</u>	<u>2020</u>
	\$	\$
Workshop(s) and sundry		
Revenues	4,495	22,437
Expenditures	<u>(500)</u>	<u>(10,391)</u>
	<u>3,995</u>	<u>12,046</u>

ASSOCIATION OF EARLY CHILDHOOD EDUCATORS, ONTARIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

9. Occupancy and Equipment Leases

The Organization's head office occupancy lease covering the five year term from February 1, 2016 to January 31, 2021, was allowed to expire in the current year; as a result, the Organization surrendered its office location as at January 31, 2021, and has since, operated its administrative offices from home based facilities provided by the Organization's staff. Other than initial set up costs, home offices are provided to the Organization at no cost.

Until such time as the office location was vacated, the AECEO subleased a portion of the office location, under a separate contractual arrangement, from which it realized rent recoveries of \$22,360 in fiscal 2020 (2020 - \$26,546). This agreement also terminated January 31, 2021.

10. Allocated Expenses

Staff salaries are allocated to the program in which the staff is involved and provides support services. Staff involved in more than one program and administrative staff are split between programs based on estimated time allocation. Employee benefits and employment taxes are allocated in proportion to the salaries incurred by each program. Common or administrative expenditures, incurred during the year are allocated between the various programs based on purchased cost.

During the 2020-21 fiscal year, the organization allocated a total of \$ 86,641, (2019-20 - \$89,306) of wage expenses to the programs conducted by the Organization. Allocations of the expenses were either in accordance with budgetary amounts allocated for the specific expenditure based on estimated time allocation and staff placement on an employee-by-employee basis.

11. Risk

Liquidity

The Organization manages its liquidity risk by monitoring actual and projected cash flows, from both operations and program activities, to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

Management believes that the Organization will meet its ongoing obligations on a timely basis based on the revenues generated through membership and program revenues and continued grant funding.

Other Risks

It is management's opinion that the Organization is not exposed to significant currency, credit, interest, or market risks arising from the financial instruments held.

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12. Matter of Emphasis – Coronavirus -19 pandemic

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus (Covid-19) as a global pandemic, which resulted in a series of public health and emergency measures to be put in place to combat the spread of the virus. As a result of the Covid-19 pandemic, all non-essential businesses operating in Ontario were temporarily forced to close and cease active operations on March 13, 2021.

While the Organization has remained closed for all in-person programming until it is permitted by the Provincial Ministry of Health and the City of Toronto, to reopen, continued programming is being offered through web based programs and other membership services delivered by e-services. The Organization continues to manage and respond to Covid-19 and has continued operations, but at a reduced capacity since March, 2020. The duration and impact of the Covid-19 pandemic is unknown at this time, and it is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results of the Organization in future periods. As the Organization has sufficient resources, management does not anticipate any going concern issues as a result of the temporary closure and reduced capacity during the year.