

**OAK PARK NEIGHBOURHOOD CENTRE**

**FINANCIAL STATEMENTS**

Years ended August 31, 2013 and 2012

## **INDEPENDENT AUDITOR'S REPORT**

To the Board and Members of the Oak Park Neighbourhood Centre

I have audited the accompanying financial statements of the Oak Park Neighbourhood Centre, which comprise the statements of financial position as at August 31, 2013 and August 31, 2012, the statements of operations and cash flows for the years ended August 31, 2013 and August 31 2012, and notes, comprising 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

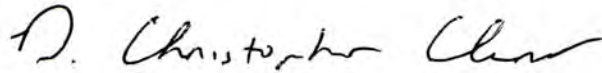
### **Basis for Qualified Opinion**

In common with many charitable organizations the Oak Park Neighbourhood Centre derives part of its income from programs, grants, fundraising, donations and membership fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification was limited to the amounts recorded in the records of the Oak Park Neighbourhood Centre and I was not able to determine whether any

adjustments might be necessary to revenue, excess of revenue over expenditures and surplus.

**Qualified Opinion**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Oak Park Neighbourhood Centre as at August 31, 2013 and August 31, 2012 and its operations and cash flows for the year ended August 31, 2013 and August 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.



CPA, CA, Licensed Public Accountant

February 20, 2014  
Mississauga, Ontario

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF FINANCIAL POSITION

	<u>31-Aug 2013</u>	<u>31-Aug 2012</u>
<b>ASSETS</b>		
Current		
Cash	\$ 52,165	\$ 42,374
Short term investments (note 3)	15,000	-
Deposits	8,600	3,307
Accounts receivable	3,172	-
Prepaid expenses	1,161	400
HST and ITC recoverable	653	7,176
Advances on construction (note 2)	-	<u>34,809</u>
	80,751	88,066
Capital assets (note 4)	512,056	-
	<u>\$ 592,807</u>	<u>\$ 88,066</u>
<b>LIABILITIES</b>		
Current		
Deferred revenue related to programs (note 5)	\$ 46,233	\$ 40,247
Mortgage payable - current (note 7)	14,000	-
Accounts payable	<u>12,029</u>	<u>2,770</u>
	72,262	43,017
Deferred revenue related to capital assets (note 6)	159,040	34,808
Mortgage payable - long term (note 7)	346,181	-
	<u>577,483</u>	<u>77,825</u>
<b>SURPLUS</b>		
Balance, beginning of year	10,241	8,548
Net surplus for the year	<u>5,083</u>	<u>1,693</u>
Balance, end of year	<u>15,324</u>	<u>10,241</u>
	<u>\$ 592,807</u>	<u>\$ 88,066</u>

APPROVED ON BEHALF OF THE MEMBERS

J. Bay Director

Thurles Director

See accompanying notes

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF OPERATION  
Years ended Aug 31, 2013 and 2012

	31-Aug 2013	31-Aug 2012
Revenue		
Grant Funding - Operating	\$ 52,003	\$ 61,228
Program Income		
Winter warmth program	62,084	69,784
Rental income	30,353	11,565
Pre-school programs	13,417	15,340
Summer camp	7,451	-
Women's swim program	2,761	4,165
Other programs	-	1,141
Fundraising	27,870	19,554
Donations		
Charitable donations (cash or cheque)	12,063	9,706
Charitable donations (in kind)	3,378	1,641
Amortization of deferred revenue - capital assets	9,973	-
Memberships	6,101	3,664
Interest	69	116
	<u>227,523</u>	<u>197,904</u>
Expenditures		
Salaries and payroll costs	76,227	57,720
Winter warmth program	49,121	53,615
Program resources and supplies	25,561	21,297
Mortgage interest	11,239	-
Strategic plan	10,000	-
Depreciation	7,580	-
Property taxes	6,591	-
Facilities rental	6,470	34,438
Utilities	6,347	2,356
Cleaning & property maintenance	6,233	3,414
Administration	4,203	2,767
Insurance	3,016	2,248
Contract program staff	2,681	12,589
Audit	2,598	2,260
Non capitalized building renovation	1,602	-
Telephone	1,077	1,157
Renovations and repairs	983	1,364
Marketing & promotion	489	197
Fundraising costs	252	413
Training	170	376
	<u>222,440</u>	<u>196,211</u>
Excess of revenue over expenditures	<u>\$ 5,083</u>	<u>\$ 1,693</u>

See accompanying notes

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF CASH FLOWS  
Years ended Aug 31, 2013 and 2012

	<u>31-Aug 2013</u>	<u>31-Aug 2012</u>
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenses	\$ 5,083	\$ 1,693
Change in non cash operating working capital	47,350	(9,460)
Non-cash items		
Increase in deferred revenue - capital assets	134,205	
Amortization of deferred revenue - capital assets	(9,973)	-
Depreciation	7,580	-
	<u>184,245</u>	<u>(7,767)</u>
Financing Activities	-	
Increase in mortgage	400,000	-
Investing Activities		
Capital asset additions	(519,636)	-
Mortgage principal repayments	(39,818)	-
Increase in short term investments	(15,000)	-
	<u>(174,454)</u>	<u>-</u>
Increase (decrease) in cash	9,791	(7,767)
Cash, beginning of year	<u>42,374</u>	<u>50,141</u>
Cash, end of year	<u>\$ 52,165</u>	<u>\$ 42,374</u>
Represented by:		
Cash	52,165	42,374
	<u>52,165</u>	<u>42,374</u>
	<u>\$ 52,165</u>	<u>\$ 42,374</u>

## OAK PARK NEIGHBOURHOOD CENTRE

### NOTES TO THE FINANCIAL STATEMENTS

August 31, 2012

#### **1. Purpose of the Organization**

Oak Park Neighbourhood Centre exists to provide parenting education and support, to provide educational, recreational and social opportunities for parents and children of all ages, to sponsor programs and activities related to those purposes and to relieve poverty by providing basic amenities including food, education, counselling and clothing to families in need. Membership is open to persons who reside in the Town of Oakville, Ontario and whose application for admission and membership fee has received approval from the board of directors.

Oak Park Neighbourhood Centre was originally incorporated as Oak Park Moms and Tots, a tax exempt non-profit corporation without share capital on August 23, 2002 and was granted charitable organization status as of January 19, 2004 (Registered Charity No. 85540-2244). The name was changed to Oak Park Neighbourhood Centre effective August 6, 2010.

On September 1, 2012, Oak Park Neighbourhood Centre adopted Canadian Accounting Standards for Not-For-Profit Associations in Part III of the Canadian Institute of Chartered Accountants Handbook ("Not-For-Profit Standards"). These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, Oak Park Neighbourhood Centre has adopted the changes retroactively, subject to certain exemptions allowed under these standards. The transition date is September 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

There were no adjustments to surplus as at September 1, 2011 or excess of revenues over expenditures for the year ended August 31, 2012 as a result of the transition to Not-For-Profit Standards.

## 2. **Significant Accounting Policies**

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

### **Revenue recognition**

Oak Park Neighbourhood Centre follows the deferral method of accounting for donations and grants. Restricted donations and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fundraising income is recognized as revenue when the event which gives rise to the revenue is held and the amounts are received. Program income is recognized as revenue when the services are rendered and the amounts are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when earned on an accrual basis.

### **Donated goods**

Oak Park Neighbourhood Centre benefits from the donation of goods for use in its various programs. The value of any material goods donated for use in program delivery have been recognized with the issuance of an in-kind charitable tax receipt and recorded at fair market value in the financial statements. In the current period this amounted to \$3,378 (2012- \$1,641) with no related gains or losses.

Oak Park Neighbourhood Centre purchased a parcel of land on September 20, 2012 at commercial rates. An existing building on that land appraised at \$146,587 was donated for \$1. A home renovation retailer donated \$2,000 worth of materials for use in the renovation of the existing building. As no in-kind charitable tax receipts were issued for these donated items these transactions have not been recorded in the financial statements.



### **Capital assets**

Capital assets are recorded at cost. When a capital asset no longer contributes to the Oak Park Neighbourhood Centre's ability to provide services, its carrying value is written down to its residual value. Capital assets are amortized on a straight line basis over the following periods:

Buildings	20 years
Land Improvements	20 years

### **Advances on Construction**

Oak Park Neighbourhood Centre deferred the acquisitions costs incurred in 2012 in connection with the purchase of a building and land as of September 20, 2012. The costs consisted primarily of planning consultants, survey, engineering, municipal planning and hydro connection fees. Those deferred costs were transferred to Capital Assets in 2013.

### **Program resources and supplies**

Oak Park Neighbourhood Centre purchases a variety of books, toys, games and other supplies in its various programs. Given the nominal value and short life span of individual items they are all expensed in the year in which they are acquired.

### **Financial instruments**

Financial instruments are recorded and carried at fair value

### **Use of estimates**

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to present fairly the results of the years presented. Actual results could differ from these estimates

## **3. Short Term Investments**

Investments are recorded at fair value based on principal plus accrued interest and consist of a guaranteed income certificate with a term of 12 months at an interest rate of 1.1%.

Safety of principal and preservation of capital are the paramount factors in the Investment Policy. All investments are pre-approved by the Board of Directors.

Oak Park Neighbourhood Centre manages its investments to ensure that sufficient financial resources are available to deliver its programs and maximize income. Oak Park Neighbourhood Centre is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

**4. Capital Assets**

August 31, 2013	Cost	Accumulated Depreciation	Net Book Value
Land	\$363,597	\$ -	\$363,597
Land Improvements	4,441	-	4,441
Buildings	151,598	7,580	144,018
	<b>\$519,636</b>	<b>\$ 7,580</b>	<b>\$512,056</b>

The land improvements are still work in progress and depreciation will commence once the land improvements have been completed.

**5. Deferred Revenue - Programs**

Oak Park Neighbourhood Centre deferred restricted grants of \$25,528 (2012 - \$33,782) and restricted donations of \$15,410 (2012 - \$2,155) received since the related expenses were not incurred in the year. Oak Park Neighbourhood Centre deferred fundraising income of \$2,359 (2012 - \$2,992) received related to events not held in the year and program income of \$2,936 (2012 - \$1,318) received related to program services not delivered in the year.

**6. Deferred Revenue – Capital Assets**

Oak Park Neighbourhood Centre deferred restricted grants, restricted donations and fundraising related to the acquisition of the land and the renovation of the building. The deferred revenue is being amortized over the 20 year life of the building.

	Grants	Donations	Fundraising	Total
Opening Balance	\$ 23,000	\$10,939	\$ 869	\$ 34,808
Additions	\$120,610	\$ 7,295	\$ 6,300	\$134,205
Total	<u>\$143,610</u>	<u>\$18,234</u>	<u>\$ 7,169</u>	<u>\$169,013</u>

Total Deferred Revenue – Capital Assets	\$169,013
Less:	
Revenue recognized for non capitalized costs incurred	(1,602)
Amortization of 1/20 <sup>th</sup> of net deferred revenue	<u>(8,371)</u>
Balance – end of year	<u>\$159,040</u>

**7. Mortgage**

Oak Park Neighbourhood Centre has \$400,000 mortgage with a current balance of \$360,181 (2012 - \$0). The purpose of the mortgage was to finance the acquisition of the land. The mortgage is secured by a collateral charge against the land and building.

The mortgage is for a term of 5 years ending October 2017 with a 20 year term amortization. The mortgage is at a fixed rate of 3.09% and interest and principal payments are due monthly.

**8. Financial Risk**

Oak Park Neighbourhood Centre is exposed to interest rate risk on its fixed interest rate financial instruments. This risk is managed by investing in short term instruments.

**9. Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.