

**OAK PARK NEIGHBOURHOOD CENTRE**

**FINANCIAL STATEMENTS**

August 31, 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 statement of assets and liabilities as at August 31, 2012, the statement of revenue and expenditures 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 generally accepted accounting principles 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, 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, 2012 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles

A handwritten signature in cursive script, reading "D. Christopher Chow".

Chartered Accountant and Licensed Public Accountant

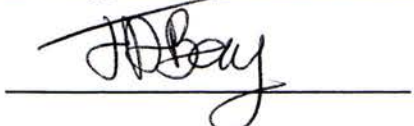
February 11, 2013  
Mississauga, Ontario

OAK PARK NEIGHBOURHOOD CENTRE  
STATEMENT OF ASSETS AND LIABILITIES

	31-Aug 2012	31-Aug 2011
<b>ASSETS</b>		
Current		
Cash	\$ 42,374	\$ 50,141
Advances on construction (note 2)	34,809	-
GST and HST recoverable	7,176	539
Rent and utilities deposits	3,307	3,211
Prepaid expenses	400	987
Accounts receivable	-	6,746
	<u>\$ 88,066</u>	<u>\$ 61,624</u>
<b>LIABILITIES</b>		
Current		
Deferred revenue (note 3)	\$ 75,055	\$ 46,134
Accounts payable	<u>2,770</u>	<u>6,942</u>
	<u>77,825</u>	<u>53,076</u>
<b>SURPLUS</b>		
Balance, beginning of year	8,548	9,009
Net surplus/(deficit) for the year	<u>1,693</u>	<u>(461)</u>
Balance, end of year	<u>10,241</u>	<u>8,548</u>
	<u>\$ 88,066</u>	<u>\$ 61,624</u>

APPROVED ON BEHALF OF THE MEMBERS

 Director

 Director

See accompanying notes

OAK PARK NEIGHBOURHOOD CENTRE  
STATEMENT OF REVENUE AND EXPENDITURES

For the year ended August 31, 2012

	31-Aug 2012	31-Aug 2011
Revenue		
Grant Funding		
Trillium Foundation	\$ 15,000	\$ 15,000
Bell Canada	14,950	-
Maycourt Club	5,700	5,700
Kiwanis	5,380	-
Meeting House	3,980	-
Human Resources Canada	3,746	3,770
Oakville Community Foundation	3,610	12,029
TransCanada Pipeline	3,000	4,000
Charis Foundation	2,722	7,278
Optimist	1,000	1,000
Union Gas	1,000	-
FRP Canada	600	-
Other	540	-
Heart and Stroke Foundation	-	8,141
Government of Ontario	-	2,003
Program Income		
Winter warmth program	69,784	34,281
Pre-school programs	15,340	13,298
Rental income	11,565	5,269
Women's swim program	4,165	4,750
Other programs	751	1,330
Yoga	390	2,052
Dance lessons	-	1,665
Fundraising	19,554	16,539
Donations		
Charitable donations (cash or cheque)	9,706	16,600
Charitable donations (in kind)	1,641	2,567
Memberships	3,664	6,163
Interest	116	15
	<u>197,904</u>	<u>163,450</u>
Expenditures		
Salaries and payroll costs	57,720	56,143
Winter warmth program	53,615	29,163
Facilities rental	40,208	41,428
Program resources and supplies (note 2)	21,297	23,800
Contract salaries	12,589	5,223
Administration	2,767	889
Audit	2,260	2,260
Insurance	2,248	2,248
Renovations and repairs (note 2)	1,364	-
Telephone	1,157	984
Fundraising costs	413	502
Training	376	551
Marketing & promotion	197	720
	<u>196,211</u>	<u>163,911</u>
Excess of revenue over expenditures	<u>\$ 1,693</u>	<u>\$ (461)</u>

See accompanying notes



# **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.

### **2. Significant Accounting Policies**

The financial statements have been prepared in accordance with the Canadian Institute of Chartered Accountants (CICA) Handbook – Part V *Pre-Changeover Accounting Standards* (Canadian GAAP) and include the following significant accounting policies:

#### **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.

**Donated goods**

Oak Park Neighbourhood Centre benefits from the donation of goods for use in its various programs. The value of any material donated goods 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 \$1,641 (2011 - \$2,567) with no related gains or losses.

**Capital assets**

Oak Park Neighbourhood Centre follows the provisions for capital assets held by not for profit organizations set out in Section 4430.03 of the Canadian Institute of Chartered Accountants Handbook. These provisions allow not for profit organizations with revenues less than \$500,000 to expense capital assets in the year of acquisition. In the current period the Oak Park Neighbourhood Centre expensed \$1,364 (2011 - \$nil) in renovations and repairs to the leased premises and \$nil (2011 - \$nil) in furniture and fixtures acquired.

**Advances on Construction**

Oak Park Neighbourhood Centre has deferred the acquisitions costs incurred in 2012 in connection with the purchase of a building and land as of September 20, 2013. The costs consist primarily of planning consultants, survey, engineering, municipal planning and hydro connection fees.

**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.

**Use of estimates**

The preparation of these financial statements in conformity with Canadian GAAP for not for profit organizations 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. Assumptions are used in estimating accounts receivable and deferred revenue.

**Future accounting changes**

In 2010, the CICA issued a new accounting framework applicable to Canadian not for profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not for profit organizations may adopt either the CICA



Handbook Part I – *International Financial Reporting Standards* or Part III – *Accounting Standards for Not for Profit Organizations*. Oak Park Neighbourhood Centre will adopt Part III – *Accounting Standards for Not for Profit Organizations* effective September 1, 2012. The impact of this transition is currently being determined.

### 3. Deferred Revenue

Oak Park Neighbourhood Centre deferred a portion of restricted grants (2011 - \$44,363), donations (2011 – \$1,659) and fundraising (2011 - \$nil) received in 2012 since the related expenses were not incurred in the year. This deferral also included amounts received in 2012 related to the new building and land acquired as of September 20, 2013. Oak Park Neighbourhood Centre also deferred some program income that was received in 2012 (2011 - \$112) in advance of the services being rendered.

#### Grants

Oakville Community Foundation	\$27,789
Charis Foundation	\$17,000
Greenshields	\$ 6,000
United Way (Winter Warmth)	\$ 4,517
Other	\$ 1,476

Charitable Donations	\$13,094
Fundraising	\$ 3,861
Program Revenue	<u>\$ 1,318</u>

Total deferred revenue	<u><u>\$75,055</u></u>
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### 4. Capital Management

Oak Park Neighbourhood Centre's objectives in managing its capital are:

- a) ensure that sufficient financial resources are available to deliver its programs;
- b) invest funds in excess of those required for day to day operation in order to maximize income.

Oak Park Neighbourhood Centre monitors its capital by reviewing monthly financial reports. Capital management objectives, policies and procedures are unchanged since the preceding year. Oak Park Neighbourhood Centre has complied with all the capital requirements.



**5. Financial instruments**

Oak Park Neighbourhood Centre designates its cash, accounts receivable, GST and HST recoverable and accounts payable as held-for-trading and carries them at fair value. The carrying value of accounts receivable, GST and HST recoverable and accounts payable are deemed to be at fair value due to the short term nature of these accounts. Oak Park Neighbourhood Centre does not enter in to any derivative financial instrument arrangements for hedging or speculative purposes.

**6. Statement of Changes in Net Assets and Statement of Cash Flows**

A statement of changes in net assets detailing changes in net assets for the period and a statement of cash flows detailing the changes in cash and cash equivalents is a standard component of financial statement presentation pursuant to Section 4400.05 of the Canadian Institute of Chartered Accountants Handbook. In this case the statements were not deemed to provide any meaningful information and were not required to ensure fair presentation of the financial statements.

**7. Subsequent Events**

Oak Park Neighbourhood Centre acquired land and a building at a total cost of \$399,835 on September 20, 2012. This purchase was financed with a 25 year mortgage in the amount of \$400,000. The mortgage has an initial term of 5 years at an interest rate of 3.09%.

**8. Comparative figures**

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