

OAK PARK NEIGHBOURHOOD CENTRE

FINANCIAL STATEMENTS

Years ended August 31, 2014 and 2013

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, 2014 and August 31, 2013, the statements of operations and cash flows for the years ended August 31, 2014 and August 31 2013, 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.

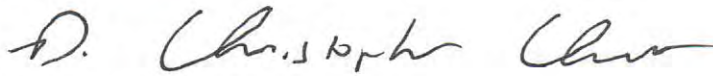
Basis for Qualified Opinion

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, 2014 and August 31, 2013 and its operations and cash flows for the year ended August 31, 2014 and August 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.



CPA, CA, Licensed Public Accountant

February 26, 2015
Mississauga, Ontario

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF FINANCIAL POSITION

	31-Aug 2014	31-Aug 2013
ASSETS		
Current		
Cash	\$ 60,686	\$ 52,165
Advances on construction (note 2)	47,900	-
Short term investments (note 3)	15,165	15,000
Deposits	8,600	8,600
Prepaid expenses	5,598	1,161
HST and ITC recoverable	5,490	653
Accounts receivable	2,141	3,172
	<u>145,580</u>	<u>80,751</u>
Capital assets (note 4)	512,976	512,056
	<u>\$ 658,556</u>	<u>\$ 592,807</u>
LIABILITIES		
Current		
Deferred revenue related to programs (note 5)	\$ 28,647	\$ 46,233
Mortgage payable - current (note 7)	14,000	14,000
Accounts payable	6,869	12,029
	<u>49,516</u>	<u>72,262</u>
Deferred revenue related to capital assets (note 6)	252,252	159,040
Mortgage payable - long term (note 7)	334,073	346,181
	<u>635,841</u>	<u>577,483</u>
SURPLUS		
Balance, beginning of year	15,324	10,241
Net surplus for the year	<u>7,391</u>	<u>5,083</u>
Balance, end of year	<u>22,715</u>	<u>15,324</u>
	<u>\$ 658,556</u>	<u>\$ 592,807</u>

APPROVED ON BEHALF OF THE MEMBERS

_____ Director

_____ Director

See accompanying notes

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF OPERATION
Years ended Aug 31, 2014 and 2013

	31-Aug 2014	31-Aug 2013
Revenue		
Grant Funding - Operating	\$ 54,309	\$ 52,003
Program Income		
Winter warmth program	70,144	62,084
Pre-school programs	32,932	13,417
Rental income	24,938	30,353
Other programs	2,884	-
Women's swim program	2,862	2,761
Summer camp	2,409	7,451
Japanese pre-school	2,050	-
Fundraising	26,241	27,870
Donations		
Charitable donations (cash or cheque)	23,918	12,063
Charitable donations (in kind)	2,121	3,378
Amortization of deferred revenue - capital assets	8,371	9,973
Memberships	4,338	6,101
Interest	164	69
	<u>257,681</u>	<u>227,523</u>
Expenditures		
Salaries and payroll costs	99,918	76,227
Winter warmth program	54,607	49,121
Program resources and supplies	35,661	25,561
Mortgage interest	10,829	11,239
Depreciation	8,261	7,580
Cleaning & property maintenance	7,706	6,233
Building maintenance and repairs	7,348	983
Strategic plan	6,237	10,000
Utilities	4,462	6,347
Insurance	3,563	3,016
Audit	2,825	2,598
Administration	2,783	4,203
Property taxes	2,362	6,591
Marketing & promotion	1,377	489
Telephone	1,025	1,077
Fundraising costs	494	252
Training	450	170
Contract program staff	382	2,681
Facilities rental	-	6,470
Non capitalized building renovation	-	1,602
	<u>250,290</u>	<u>222,440</u>
Excess of revenue over expenditures	<u>\$ 7,391</u>	<u>\$ 5,083</u>

See accompanying notes

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF CASH FLOWS
Years ended Aug 31, 2014 and 2013

	<u>31-Aug 2014</u>	<u>31-Aug 2013</u>
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenses	\$ 7,391	\$ 5,083
Change in non cash operating working capital	(78,890)	47,350
Non-cash items		
Increase in deferred revenue - capital assets	101,583	134,205
Amortization of deferred revenue - capital assets	(8,371)	(9,973)
Depreciation	8,261	7,580
	<u>29,974</u>	<u>184,245</u>
Financing Activities		
Increase in mortgage	-	400,000
Investing Activities		
Capital asset additions	(9,180)	(519,636)
Mortgage principal repayments	(12,108)	(39,818)
Increase in short term investments	(165)	(15,000)
	<u>(21,453)</u>	<u>(174,454)</u>
Increase (decrease) in cash	8,521	9,791
Cash, beginning of year	<u>52,165</u>	<u>42,374</u>
Cash, end of year	<u>\$ 60,686</u>	<u>\$ 52,165</u>
Represented by:		
Cash	<u>60,686</u>	<u>52,165</u>
	<u>\$ 60,686</u>	<u>\$ 52,165</u>

OAK PARK NEIGHBOURHOOD CENTRE

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2014

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 by management in accordance with Canadian Accounting Standards for Not-For-Profit Associations in Part III of the Canadian Institute of Chartered Accountants Handbook ("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 by corporations and individuals for use in its various programs. The value of any material goods donated by corporations and individuals 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 \$2,121 (2013- \$3,378) with no related gains or losses. The value of any goods donated by governments and charitable funders has been recognized in Grant Funding – Operating but no tax receipts were issued.

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 costs incurred in 2014 in connection with the renovation of the second floor of the building. The deferred costs will be transferred to Capital Assets when the renovation is completed in the 2015 fiscal year.

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 prime less 1.95%.

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, 2014	Cost	Accumulated Depreciation	Net Book Value
Land	\$363,597	\$ -	\$363,597
Land Improvements	13,622	681	12,941
Buildings	151,598	15,160	136,438
	\$528,817	\$ 15,841	\$512,976

5. Deferred Revenue - Programs

Oak Park Neighbourhood Centre deferred restricted grants of \$8,914 (2013 - \$25,528) and restricted donations of \$16,055 (2013 - \$15,410) received since the related expenses were not incurred in the year. Oak Park Neighbourhood Centre deferred fundraising income of \$451 (2013 - \$2,359) received related to events not held in the year and program income of \$3,227 (2013 - \$2,936) received related to program services not delivered in the year.

6. Deferred Revenue – Capital Assets

Oak Park Neighbourhood Centre deferred \$169,012 in restricted grants (\$143,609), restricted donations (\$18,234) and fundraising (\$7,169) less the

revenue recognized for non capitalized costs incurred (\$1,602) related to the acquisition of the land and the original renovation of the building. The deferred revenue is being amortized over the 20 year life of the building starting in 2013.

Balance – beginning of year	\$159,040
Less:	
Amortization of 1/20 th of net deferred revenue	<u>(8,371)</u>
Balance – end of year	<u>\$150,669</u>

Oak Park Neighbourhood Centre deferred restricted grants related to the renovation of the second floor of the building which is still in progress as of August 31, 2014. The deferred revenue will be amortized over the estimated life of the renovations once they are completed.

	Grants
Opening Balance	\$ -
Additions	\$101,583
	<hr/>
Total	<u>\$101,583</u>

7. Mortgage

Oak Park Neighbourhood Centre has a \$400,000 mortgage with a current balance of \$348,073 (2013 - \$360,181). 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.