

**OAK PARK NEIGHBOURHOOD CENTRE**

FINANCIAL STATEMENTS

Year ended August 31, 2015

## **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 financial position as at August 31, 2015, and the statement of operations and statement of 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.

### **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, 2015 and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

CPA, CA, Licensed Public Accountant

February xx, 2016  
Mississauga, Ontario

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF FINANCIAL POSITION

	<u>31-Aug 2015</u>	<u>31-Aug 2014</u>
<b>ASSETS</b>		
Current		
Cash	\$ 36,256	\$ 60,686
Advances on construction (note 2)	-	47,900
Short term investments (note 3)	-	15,165
Deposits	-	8,600
Prepaid expenses	5,173	5,598
Accounts receivable	3,000	5,490
HST and ITC recoverable	<u>2,055</u>	<u>2,141</u>
	46,484	145,580
Capital assets (note 4)	633,238	512,976
	<u>\$ 679,722</u>	<u>\$ 658,556</u>
<b>LIABILITIES</b>		
Current		
Deferred revenue related to programs (note 5)	\$ 40,897	\$ 28,647
Mortgage payable - current (note 7)	12,750	12,500
Accounts payable	<u>10,250</u>	<u>6,869</u>
	63,897	48,016
Deferred revenue related to capital assets (note 6)	241,352	252,252
Mortgage payable - long term (note 7)	322,838	335,573
	<u>628,087</u>	<u>635,841</u>
<b>SURPLUS</b>		
Balance, beginning of year	22,715	15,324
Net surplus for the year	<u>28,920</u>	<u>7,391</u>
Balance, end of year	<u>51,635</u>	<u>22,715</u>
	<u>\$ 679,722</u>	<u>\$ 658,556</u>

APPROVED ON BEHALF OF THE MEMBERS

\_\_\_\_\_ Director

See accompanying notes

\_\_\_\_\_ Director

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF OPERATION  
Years ended Aug 31, 2015 and 2014

	31-Aug 2015	31-Aug 2014
Revenue		
Grant Funding - Operating	\$ 46,839	\$ 54,309
Program Income		
Winter warmth program	64,965	70,144
Pre-school programs	43,187	32,932
Rental income	18,782	24,938
Summer camp	11,306	2,409
Other programs	6,862	2,884
Women's swim program	4,719	2,862
Japanese pre-school	-	2,050
Fundraising	48,229	26,241
Donations		
Charitable donations (cash or cheque)	57,498	23,918
Charitable donations (in kind)	1,656	2,121
Amortization of deferred revenue - capital assets	13,900	8,371
Memberships	5,744	4,338
Interest	106	164
	<u>323,793</u>	<u>257,681</u>
Expenditures		
Salaries and payroll costs	135,734	99,918
Winter warmth program	50,744	54,607
Program resources and supplies	38,981	35,661
Depreciation	15,334	8,261
Marketing & promotion	12,488	1,377
Mortgage interest	10,450	10,829
Cleaning & property maintenance	7,778	7,706
Utilities	5,048	4,462
Insurance	3,900	3,563
Administration	3,795	2,783
Property taxes	3,294	2,362
Audit	2,853	2,825
Building maintenance and repairs	2,228	7,348
Telephone	1,123	1,025
Training	1,108	450
Fundraising costs	15	494
Strategic plan	-	6,237
Contract program staff	-	382
	<u>294,873</u>	<u>250,290</u>
Excess of revenue over expenditures	<u>\$ 28,920</u>	<u>\$ 7,391</u>

See accompanying notes

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENTS OF CASH FLOWS  
Years ended Aug 31, 2015 and 2014

	<u>31-Aug 2015</u>	<u>31-Aug 2014</u>
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenses	\$ 28,920	\$ 7,391
Change in non cash operating working capital	75,132	(78,890)
Non-cash items		
Decrease in deferred revenue - capital assets	3,000	101,583
Amortization of deferred revenue - capital assets	(13,900)	(8,371)
Depreciation	15,334	8,261
	<u>108,486</u>	<u>29,974</u>
Financing Activities	-	-
Investing Activities		
Capital asset additions	(135,596)	(9,180)
Mortgage principal repayments	(12,485)	(12,108)
Increase (decrease) in short term investments	15,165	(165)
	<u>(132,916)</u>	<u>(21,453)</u>
Increase (decrease) in cash	(24,430)	8,521
Cash, beginning of year	<u>60,686</u>	<u>52,165</u>
Cash, end of year	<u>\$ 36,256</u>	<u>\$ 60,686</u>
Represented by:		
Cash	36,256	60,686
	<u>36,256</u>	<u>60,686</u>
	<u>\$ 36,256</u>	<u>\$ 60,686</u>

# OAK PARK NEIGHBOURHOOD CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2015

### 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 organizations.

#### 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. Memberships received late in the fiscal year are deferred as membership benefits extend into the subsequent year.

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 \$1,656 (2014- \$2,121) 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
Furniture and fixtures	5 years

**Advances on Construction**

Oak Park Neighbourhood Centre deferred \$47,900 in costs incurred in 2014 in connection with the renovation of the second floor of the building. The deferred costs were transferred to Capital Assets when the renovation was 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

Short term investments in the amount of \$NIL (2014 - \$15,165) are recorded at fair value based on principal plus accrued interest. In the prior year the investment had a term not exceeding 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

	Cost	Accumulated Depreciation	2015 Net Book Value	2014 Net Book Value
Land	\$363,597	\$ -	\$363,597	\$363,597
Land Improvements	13,825	1,372	12,453	12,941
Building	151,598	22,740	128,858	136,438
Building Improvements	130,769	6,538	124,231	NIL
Furniture & Fixtures	4,624	525	4,099	NIL
	<b>\$664,413</b>	<b>\$ 31,175</b>	<b>\$633,238</b>	<b>\$512,976</b>

### 5. Deferred Revenue - Programs

Oak Park Neighbourhood Centre deferred restricted grants of \$23,109 (2014 - \$8,914) and restricted donations of \$10,225 (2014 - \$16,055) received since the related expenses were not incurred in the year. Oak Park Neighbourhood Centre deferred fundraising income of \$195 (2014 - \$451) received related to events not held in the year, program income of \$6,314 (2014 - \$3,227) received related to program services not delivered in the year and membership income of \$1,054 (2014 - \$NIL) received in advance.

**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	\$150,669
Less:	
Amortization of 1/20 <sup>th</sup> of net deferred revenue	<u>(8,370)</u>
Balance – end of year	<u>\$142,299</u>

Oak Park Neighbourhood Centre deferred \$102,583 in restricted grants related to the renovation of the second floor of the building. The deferred revenue is being amortized over the 20 year life of the building starting in 2015.

Balance – beginning of year	\$ 99,583
Additions in 2015	3,000
Less:	
Amortization of 1/20 <sup>th</sup> of net deferred revenue	<u>(5,129)</u>
Balance – end of year	<u>\$ 97,454</u>

Oak Park Neighbourhood Centre deferred \$2,000 in restricted grants related to furniture and fixtures for second floor of the building. The deferred revenue is being amortized over the 5 year life of the furniture and fixtures starting in 2015.

Balance – beginning of year	\$ 2,000
Less:	
Amortization of 1/5 <sup>th</sup> of net deferred revenue	<u>( 400)</u>
Balance – end of year	<u>\$ 1,600</u>

**7. Mortgage**

Oak Park Neighbourhood Centre has a \$400,000 mortgage with a current balance of \$335,588 (2014 - \$348,073). 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 25 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.