OAK PARK NEIGHBOURHOOD CENTRE

Financial Statements

Year Ended August 31, 2017

OAK PARK NEIGHBOURHOOD CENTRE

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Year Ended August 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Oak Park Neighbourhood Centre

We have audited the accompanying financial statements of Oak Park Neighbourhood Centre, which comprise the statement of financial position as at August 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Oak Park Neighbourhood Centre derives revenue from programs, grants, charitable donations, memberships and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Oak Park Neighbourhood Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2017, current assets and net assets as at August 31, 2017.

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Independent Auditor's Report to the Members of Oak Park Neighbourhood Centre *(continued)*

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Oak Park Neighbourhood Centre as at August 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended August 31, 2016 were audited by another accounting firm and are presented for coparative purposes only.

Henderson Fleischer Roller

Oakville, Ontario
November 22, 2017

HENDERSON FLEISCHER ROLLER PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

Statement of Financial Position
August 31, 2017

		2017		2016
ASSETS				
CURRENT				
Cash	**$**	**41,022**	$	54,297
Accounts receivable		**5,178**		4,595
HST recoverable		**2,182**		5,091
Prepaid expenses		**-**		6,974
		48,382		70,957
CAPITAL ASSETS *(Note 4)*		**630,054**		647,360
	$	**678,436**	$	718,317
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities	**$**	**7,347**	$	22,966
Current portion of long term debt *(Note 5)*		**14,305**		13,265
Deferred revenue - programs *(Note 6)*		**66,776**		63,072
		88,428		99,303
MORTGAGE PAYABLE *(Note 5)*		**295,134**		309,458
DEFERRED REVENUE - CAPITAL ASSETS *(Note 7)*		**238,753**		254,053
		622,315		662,814
NET ASSETS		**56,121**		55,503
	$	**678,436**	$	718,317

ON BEHALF OF THE BOARD

___________________________________ *Director*

___________________________________ *Director*

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

Statement of Revenues and Expenditures

For the Year Ended August 31, 2017

		2017		2016
REVENUE				
Grant funding	**$**	**184,365**	$	178,302
Program income *(Note 8)*		**69,295**		85,118
Charitable donations		**58,147**		70,833
Rental Income		**38,019**		29,377
Fundraising income		**24,419**		23,235
Amortization of deferred revenue - capital assets *(Note 7)*		**15,300**		15,300
Memberships		**5,573**		6,174
		395,118		408,339
EXPENDITURES				
Advertising and promotion		**5,643**		974
Amortization		**17,306**		17,305
Audit fees		**3,118**		3,118
Cleaning and property maintenance		**8,595**		7,274
Facilities maintenance		**10,679**		3,226
Fundraising costs		**536**		1,177
Halton Poverty Round Table		**-**		30,931
Insurance		**4,373**		4,098
Office and administration		**4,946**		2,465
Mortgage interest		**9,654**		10,073
Program resources and supplies		**58,706**		70,566
Property taxes		**4,920**		4,608
Salaries and wages		**201,053**		203,224
Telephone		**1,080**		1,640
Training		**8,483**		2,913
Utilities		**5,914**		5,821
Utility Support Program		**49,494**		35,058
		394,500		404,471
EXCESS OF REVENUE OVER EXPENDITURES	**$**	**618**	$	3,868

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

Statement of Changes in Net Assets
Year Ended August 31, 2017

		2017		2016
NET ASSETS - BEGINNING OF YEAR	**$**	**55,503**	$	51,635
Excess of revenue over expenditures		**618**		3,868
NET ASSETS - END OF YEAR	**$**	**56,121**	$	55,503

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

Statement of Cash Flow
Year Ended August 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 618**	$ 3,868
Item not affecting cash:		
Amortization of capital assets	**17,306**	17,305
	17,924	21,173
Changes in non-cash working capital:		
Accounts receivable	**(583)**	(1,595)
HST recoverable	**2,909**	(3,036)
Prepaid expenses	**5,047**	(1,801)
Accounts payable and accrued liabilities	**(15,627)**	12,716
Deferred revenue - programs	**5,453**	22,175
Deferred revenue - capital assets	**(15,300)**	12,701
	(18,101)	41,160
Cash flow from (used by) operating activities	**(177)**	62,333
INVESTING ACTIVITY		
Purchase of capital assets	**-**	(31,427)
FINANCING ACTIVITY		
Repayment of long term debt	**(13,098)**	(12,865)
INCREASE (DECREASE) IN CASH FLOW	**(13,275)**	18,041
Cash - beginning of year	**54,297**	36,256
CASH - END OF YEAR	**$ 41,022**	$ 54,297

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

1. DESCRIPTION OF BUSINESS

Oak Park Neighbourhood Centre (the "Organization") is charitable organization incorporated without share capital on August 23, 2002 and was granted charitable organization status on January 19, 2004. The Organization 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 amentities including food, education, counselling and clothing to families in need. For Canadian income tax purposes the Organization is a non-profit organization which is exempt from income tax under the income tax act.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF 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 services are rendered and the amounts are received or receivable if the amount to be received can be reasonable 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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Land	N/A	non-depreciable
Land improvements	20 years	straight-line method
Buildings	20 years	straight-line method
Furniture and fixtures	5 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of Long Lived Assets

Goods and Services Tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year $1,642 in goods were donated (2016 - $1,555).

Net assets

a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.
b) Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, not of transfers, and are available for general purposes.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The main items for which estimates are made are capital assets, allowance for doubtful accounts and accounts payable and accrued liabilities.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable, HST recoverable and prepaid expenses.

Financial liabilities measured at amortized cost include accounts payable and deferred income.

The Organization's financial assets measured at fair value include a number of other investments, i.e. quoted shares.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Organization recognizes its transaction costs in net income in the year incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	**2017 Net book value**	2016 Net book value
Land	$ 363,597	$ -	**$ 363,597**	$ 363,597
Land improvements	13,825	-	**13,825**	13,825
Buildings	313,794	63,412	**250,382**	266,764
Furniture and fixtures	4,624	2,374	**2,250**	3,174
	$ 695,840	$ 65,786	**$ 630,054**	$ 647,360

Notes to Financial Statements

Year Ended August 31, 2017

5. MORTGAGE PAYABLE

	2017	2016
Bank of Montreal mortgage bearing interest at 3.09% per annum, repayable in monthly blended payments of $1,912. The mortgage matures on October 1, 2037 and is secured by the building at 2200 Sawgrass Drive, Oakville, Ontario.	**$ 309,439**	$ 322,723
Amounts payable within one year	**(14,305)**	(13,265)
	$ 295,134	$ 309,458

Principal repayment terms are approximately:

2018	$ 14,305
2019	14,718
2020	15,143
2021	15,580
2022	16,030
Thereafter	233,663
	$ 309,439

6. DEFERRED REVENUE PROGRAMS

The Organization defers revenue when related expenses are not incurred and program services are are not delivered during the year. The Organization deferred restricted grants, charitable donations, fundraising income and program income as follows:

	2017	2016
Grants	**$ 51,454**	$ 33,894
Charitable donations	**585**	23,450
Fundraising income	**14,262**	-
Program income	**475**	5,550
Membership income	**-**	178
	$ 66,776	$ 63,072

7. DEFERRED REVENUE - CAPITAL ASSETS

The Organization deferred restricted grants, donations and fundraising less the revenue recognized for non capitalized costs incurred related to the renovation of the building, acquisition of land and purchase of furniture and fixtures. Original amounts are as follows: Phase One 2013 - $169,012 (amortized over 20 yrs), Phase Two 2015 - $105,583 (amortized over 20 years), Furniture and Fixtures 2015 - $2,000 (amortized over 5 years) and Phase Three 2016 - $28,000 (amortized over 20 years).

	Balance Beginning of Year	Amortization of net deferred revenue	Balance End of Year
Building - phase one	$ 133,928	$ 8,371	$ 125,557
Building - phase two	92,325	5,129	87,196
Building - phase three	26,600	1,400	25,200
Furniture and fixtures	1,200	400	800
	$ 254,053	$ 15,300	$ 238,753

8. PROGRAM INCOME

	2017	2016
Pre-school program	**$ 67,741**	$ 82,422
Art and dance programs	**1,554**	2,202
Summer camp	**-**	494
	$ 69,295	$ 85,118

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of August 31, 2017. There have been no significant changes to the Organization's risk profile since August 31, 2016.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable.

Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to any market risk.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.