

Financial Statements of

OAK PARK NEIGHBOURHOOD CENTRE

Year ended August 31, 2019

OAK PARK NEIGHBOURHOOD CENTRE

Financial statement - Table of Contents

Year ending August 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2019 and the Statement of Operations and Net Assets 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

Our responsibility is to express an opinion of 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 judgement, 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 fundraising events and functions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and net assets.

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, 2019 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

December 13, 2019
Oakville, Ontario



Douglas Spence CA Professional Corp
Licensed Public Accountant

OAK PARK NEIGHBOURHOOD CENTRE


STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and bank	\$ 104,866	\$ 83,827
Government grant receivable - note 4	6,681	8,907
Sales tax recoverable	5,542	15,144
	<u>\$ 117,089</u>	<u>\$ 107,878</u>
Capital assets - note 5	775,669	735,236
	<u>\$ 892,758</u>	<u>\$ 843,114</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,872	\$ 4,147
Source deductions payable	7,686	8,246
Deferred revenue - note 6	105,426	97,714
Current portion of mortgage payable	16,248	15,779
	<u>\$ 134,232</u>	<u>\$ 125,886</u>
Mortgage payable - note 7	261,633	279,396
NET ASSETS		
Net assets - note 11	496,893	437,832
	<u>\$ 496,893</u>	<u>\$ 437,832</u>
	<u>\$ 892,758</u>	<u>\$ 843,114</u>

See - Notes to the Financial Statements

Approved on behalf of the board :



OAK PARK NEIGHBOURHOOD CENTRE
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018
REVENUE		
Grant funding	\$ 243,877	\$ 179,155
Fundraising income	81,496	59,286
Fundraising - Capital assets - note 8	23,276	143,000
Program income - note 9	79,123	61,240
Rental income	35,665	42,514
Charitable donations	50,912	34,454
Membership income	5,477	5,293
Interest	336	331
	<u>\$ 520,162</u>	<u>\$ 525,273</u>
EXPENSES		
Salaries and wages	278,085	228,344
Program resources and supplies	56,769	43,212
Utility support program	36,454	42,396
Amortization	26,901	17,397
Cleaning and property maintenance	7,312	8,204
Mortgage interest	8,186	8,079
Facility maintenance	21,161	7,126
Property taxes	7,235	5,672
Utilities	5,914	5,061
Professional fees	2,742	5,019
Office and administration	3,000	4,915
Insurance	3,751	4,140
Telephone	1,248	1,663
Advertising and promotion	954	849
Training	1,389	238
	<u>\$ 461,101</u>	<u>\$ 382,315</u>
Excess of Revenues over Expenditures	\$ 59,061	\$ 142,958
Prior period adjustment - note 11	-	238,753
Net Assets, beginning of year	437,832	56,121
Net Assets, end of year	<u>\$ 496,893</u>	<u>\$ 437,832</u>

See Notes to the Financial Statements

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2019

	2019		2018
Cash provided by (used in)			
Operating activities			
Excess of Revenues over Expenditures	\$ 59,061		\$ 142,958
Items not requiring a cash payment			
Amortization of capital assets	26,901		17,397
	\$ 85,962		\$ 160,355
Changes in non-cash working capital balances			
Accounts receivable	-		5,178
Government grant receivable	2,226		(8,907)
Sales tax recoverable	9,602		(12,962)
Accounts payable and accrued liabilities	725		(3,200)
Source deductions payable	(560)		8,246
Deferred revenue	7,712		30,938
	\$ 19,705		\$ 19,293
Net cash provided by (used in) operating activities	\$ 105,667		\$ 179,648
Investing activities			
Capital asset purchase	(67,334)		(122,579)
Net cash provided by (used in) investing activities	\$ (67,334)		\$ (122,579)
Financing activities			
Proceeds from mortgage payable	-		309,439
Repayment of mortgage payable	(17,294)		(323,703)
Net cash provided by (used in) financing activities	\$ (17,294)		\$ (14,264)
Net increase in cash	\$ 21,039		\$ 42,805
Cash - beginning	83,827		41,022
Cash	\$ 104,866		\$ 83,827

See - Notes to the Financial Statements

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements

Year ending August 31, 2019

1. Description of Business

Oak Park Neighbourhood Centre (the "Organization") is a 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 amenities including food, education, counselling and clothing to families in need. For Canadian income tax purpose 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 have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. Significant accounting policies:

Revenue recognition

Oak Park Neighbourhood Centre follows the deferral method of accounting for charitable donations and grant funding. 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 reasonably estimated and collection is reasonably assured.

Membership fees and rental income are recognized as revenue when received. Memberships received late in the fiscal year are deferred where membership benefits extend into the subsequent year.

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OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2019

3. Significant accounting policies – cont'd:

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Land	N/A non-depreciable
Land improvement	20 years straight line method
Building	20 years straight line method
Furniture and fixtures	5 years straight line method
Fencing	10 years straight line method

Capital assets under construction and capital assets acquired during the year but not placed into use are not amortized until they are placed into use. No amortization is charged in the year of disposal. The Organization regularly reviews its capital assets to eliminate obsolete items.

Impairment of Long-Lived Assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year \$440 in goods were donated (2018 - \$252).

Net assets

- a) Net assets invested in capital assets represents the Organization's net investment in capital assets, which comprises the unamortized amount of capital assets 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, net of transfers, and are available for general purposes.

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OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2019

3. Significant accounting policies – cont'd:

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.

Significant estimates include useful lives of capital assets, calculation of accrued liabilities and deferred revenue.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are recorded at amortized cost.

Financial assets recorded at amortized cost include cash, accounts receivable and government grant receivable. There are no financial assets recorded at fair value.

Financial liabilities recorded at amortized cost include accounts payable and accrued liabilities, long term debt and deferred revenue. There are no financial liabilities recorded at fair value.

Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Financial instruments are tested for impairment at each reporting date and when an event occurs which may have caused impairment. When a test for impairment indicates the carrying value exceeds its fair value, an impairment loss is recognized to the extent the carrying value exceeds its fair value. When the test indicates that the fair value exceeds the carrying amount, a reversal of the impairment loss previously recorded is recognized to the extent of the original cost.

4. Accounts receivable and government grant receivable

Accounts receivable and government grant receivable are presented net of allowance for doubtful accounts of \$Nil (2018 - \$Nil).

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2019

5. Capital assets

	Cost	Accumulated Amortization	2019 Net book value	2018 Net book value
Land	\$ 363,597	\$ -	\$363,597	\$363,597
Land improvements	13,825	-	13,825	13,825
Buildings	495,885	103,894	391,991	234,693
Furniture and fixtures	4,624	4,624	-	1,325
Fences	7,821	1,564	6,257	7,039
Buildings under construction	-	-	-	114,757
	<u>\$ 885,752</u>	<u>\$ 109,174</u>	<u>\$775,669</u>	<u>\$735,236</u>

6. Deferred revenue programs

The Organization defers revenue when externally restricted funds have been received, but the related expenses have not yet been incurred or program services have not yet been delivered during the year. The Organization deferred restricted grants, charitable donations, fundraising income and program income for planned program and administrative expenses as follows:

	2019	2018
Grants	\$ 37,254	\$ 25,973
Charitable donations	16,867	21,803
Syrian family fund	19,867	19,867
Fundraising income	16,504	21,067
Afterschool income	4,862	1,320
Preschool income	6,330	4,416
Program income	-	2,226
Membership income	-	842
Rental income	3,742	200
	<u>\$ 105,426</u>	<u>\$ 97,714</u>

Deferred revenue includes funds received from government agencies and donors, restricted for specific purposes or designated for expenses planned in the next fiscal year. The government funds could be repayable if not used for the purposes designated. An amount of \$19,867 has been deferred for a Syrian family which the Organization has been awaiting the family's arrival since 2016.

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2019

7. Mortgage payable

	2019	2018
First Ontario Credit Union loan bearing interest at 2.85% per annum, repayable in monthly blended payments of \$2,000. The loan is amortized over 17 years and matures on August 31, 2022. The loan is secured by a collateral mortgage and general security agreement on the land and buildings disclosed in Note 5, and a first ranking general assignment of rents and leases for the property.	\$277,881	\$295,175
Amounts payable within one year	277,881 (16,248)	295,175 (15,779)
	<u>\$261,633</u>	<u>\$279,396</u>

Principal repayment terms are approximately

2020	16,248
2021	16,718
2022	17,200
2023	17,682
Thereafter	<u>210,033</u>
	<u>277,881</u>

8. Change in accounting policy for Deferred revenue – capital assets

Effective September 1, 2018, the organization changed its accounting policy related to the recognition of revenue received for the purpose of purchasing designated capital assets. Previously, the organization was deferring the recognition of this revenue and amortizing the deferred revenue over the estimated useful life of the related capital asset.

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2019

8. cont'd Change in accounting policy for Deferred revenue – capital assets

The change in policy has been made because it is managements opinion that the receipt of such revenue should be recognized as revenue in the period in which the revenue was actually received. The related asset that was purchased will continue to be depreciated over its estimated useful life.

The change in accounting policy for deferred revenue (capital assets) has been reflected retrospectively. Accordingly, the change has been shown as if the newly adopted policy had been in effect for the current any the comparative prior year period shown in the financial statements.

Below is a summary of the impact of the change in policy for the previous year.

	August 31, 2018 As previously reported	Adjustment	August 31, 2018 Restated Amount
Deferred revenue - capital assets	\$ 365,653	\$(365,653)	\$ -
Amortization of deferred revenue - capital assets	16,100	(16,100)	-
Capital assets revenue received - current period		143,000	143,000
Net assets	72,179	365,653	437,832

9. Program income

	2019	2018
Pre-school program	\$ 69,907	\$ 56,275
Paid program	910	-
After school program	5,046	4,107
Summer camp	3,260	858
	\$ 79,123	\$ 61,240

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2019

10. Financial instrument risk

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, 2019. There have been no significant changes to the Organization's risk profile since August 31, 2018.

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 and government grant receivable, which make up a very small portion of revenue. There is no concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the 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 and accrued liabilities. There is no concentration of liquidity risk.

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 mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its long-term debt facility.

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

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2019

11. Comparative figures and prior year adjustment

The comparative figures provided were prepared by another firm of Chartered Professional Accountants. Certain comparative figures have been restated in order to conform with the presentation adapted for the current year.

During the year, the organization has changed the accounting policy related to the deferral of revenue designated towards specific capital assets. Details of this change in accounting policy are outlined in noted 8. As a result of this policy change which was accounted for on a retrospective basis, a prior period adjustment has been presented on the Statement of Operations and Net Assets to reflect the accumulated impact to the financial statements.
