

Financial Statements of

OAK PARK NEIGHBOURHOOD CENTRE

Year ended August 31, 2020

OAK PARK NEIGHBOURHOOD CENTRE

Financial statement - Table of Contents

Year ending August 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Oak Park Neighbourhood Centre:

Qualified Opinion

We have audited the financial statements of Oak Park Neighbourhood Centre (the Organization), which comprise the statement of financial position as at August 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from 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 the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2020, current assets and net assets as at August 31, 2020. Our audit opinion on the financial statements for the year ended August 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

November 1, 2020
Oakville, Ontario



Douglas Spence CA Professional Corp
Licensed Public Accountant

Authorized to practice public accounting by Chartered Professional Accountants of Ontario

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and bank	\$ 268,831	\$ 104,866
Government grant receivable - note 4	12,686	6,681
Sales tax recoverable	9,581	5,542
	\$ 291,098	\$ 117,089
Capital assets - note 5	750,092	775,669
	\$ 1,041,190	\$ 892,758
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,849	\$ 4,872
Source deductions payable	-	7,686
Deferred revenue - note 6	158,024	105,426
Current portion of mortgage payable	15,109	16,248
	\$ 178,982	\$ 134,232
Long-term Loan - note 9	40,000	-
Mortgage payable - note 7	246,502	261,633
NET ASSETS		
Restricted - note 10	30,000	-
Unrestricted	545,706	496,893
	\$ 575,706	\$ 496,893
	\$ 1,041,190	\$ 892,758

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, 2020

	2020	2019
REVENUE		
Grant funding	\$ 260,093	\$ 243,877
Fundraising income	75,519	81,496
Fundraising - Capital assets	-	23,276
Program income - note 8	81,834	79,123
Rental income	38,931	35,665
Charitable donations	52,215	50,912
Membership income	4,124	5,477
Other - Canadian Emergency Wage Subsidy	69,492	-
Interest	816	336
	<u>\$ 583,024</u>	<u>\$ 520,162</u>
EXPENSES		
Salaries and wages	260,971	278,085
Program resources and supplies	53,547	56,769
Financial literacy program	56,612	-
Utility support program	37,071	36,454
Amortization	25,576	26,901
Cleaning and property maintenance	8,104	7,312
Mortgage interest	7,729	8,186
Facility maintenance	15,355	21,161
Property taxes	7,309	7,235
Utilities	5,584	5,914
Professional fees	4,274	2,742
Office and administration	2,743	3,000
Insurance	3,962	3,751
Telephone	1,905	1,248
Advertising and promotion	11,655	954
Training	1,814	1,389
	<u>\$ 504,211</u>	<u>\$ 461,101</u>
Excess of Revenues over Expenditures	\$ 78,813	\$ 59,061
Net Assets - beginning of year	496,893	437,832
Net Assets - end of year	<u>\$ 575,706</u>	<u>\$ 496,893</u>

See Notes to the Financial Statements

OAK PARK NEIGHBOURHOOD CENTRE

STATEMENT OF FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2020

	Unrestricted Fund	Restricted	Total
Balance - Beginning of year	\$ 496,893	\$ -	\$ 496,893
Excess of Revenues over Expenditures	78,813	-	78,813
Reserve allocation for the current period - note 10	<u>(30,000)</u>	30,000	<u>-</u>
Balance - End of year	<u>\$ 545,706</u>	<u>\$ 30,000</u>	<u>\$ 575,706</u>

See - Notes to the Financial Statements

OAK PARK NEIGHBOURHOOD CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of Revenues over Expenditures	\$ 78,813	\$ 59,061
Items not requiring a cash payment		
Amortization of capital assets	25,576	26,901
	<u>\$ 104,389</u>	<u>\$ 85,962</u>
Changes in non-cash working capital balances		
Government grant receivable	(6,005)	2,226
Sales tax recoverable	(4,038)	9,602
Accounts payable and accrued liabilities	977	725
Source deductions payable	(7,686)	(560)
Deferred revenue	52,598	7,712
	<u>\$ 35,846</u>	<u>\$ 19,705</u>
Net cash provided by (used in) operating activities	<u>\$ 140,235</u>	<u>\$ 105,667</u>
Investing activities		
Capital asset purchase	-	(67,334)
Net cash provided by (used in) investing activities	<u>\$ -</u>	<u>\$ (67,334)</u>
Financing activities		
Loan proceeds	40,000	-
Repayment of mortgage payable	(16,270)	(17,294)
Net cash provided by (used in) financing activities	<u>\$ 23,730</u>	<u>\$ (17,294)</u>
Net increase in cash	\$ 163,965	\$ 21,039
Cash - beginning	<u>104,866</u>	<u>83,827</u>
Cash	<u>\$ 268,831</u>	<u>\$ 104,866</u>

See - Notes to the Financial Statements

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements

Year ending August 31, 2020

1. Nature of organizational activities

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, 2020

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 \$5,222 in goods were donated (2019 - \$440).

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.

(continues)

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2020

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

	2020	2019
Government grant	\$ 1,500	\$ 6,681
CEWS	11,186	- 0 -
	<u>\$12,686</u>	<u>\$ 6,681</u>

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2020

5. Capital assets

	Cost	Accumulated Amortization	2020 Net book value	2019 Net book value
Land	\$ 363,597	\$ -	\$363,597	\$363,597
Land improvements	13,825	-	13,825	13,825
Buildings	495,885	128,689	367,196	391,991
Furniture and fixtures	4,624	4,624	-	-
Fences	7,821	2,346	5,475	6,257
	\$ 885,752	\$ 135,659	\$750,092	\$775,669

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:

	2020	2019
Grants	\$ 95,221	\$ 37,254
Charitable donations	2,000	16,867
Syrian family fund	19,867	19,867
Fundraising income	38,156	16,504
Afterschool income		4,862
Preschool income	2,780	6,330
	\$ 158,024	\$105,426

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, 2020

7. Mortgage payable

	2020	2019
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.	\$261,611	\$277,881
Amounts payable within one year	(15,109)	(16,248)
	<u>\$246,502</u>	<u>\$261,633</u>

Principal repayment terms are approximately

2021	15,109
2022	15,642
2023	16,192
2024	16,762
Thereafter	182,797
	<u>246,502</u>

8. Program income

	2020	2019
Pre-school program	\$ 71,342	\$ 69,907
Paid program	188	910
After school program	8,056	5,046
Summer camp	2,248	3,260
	<u>\$ 81,834</u>	<u>\$ 79,123</u>

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2020

9. Long-Term Loan

The loan, Canada Emergency Business Account (CEBA) was received as part of the Canada Revenue Agency relief measures. The loan is non-interest bearing if repaid by December 31, 2022. If \$30,000 of the loan is repaid by December 31, 2022, \$10,000 will be forgiven under the terms of these relief provisions.

10. Restricted net assets for operating reserve

The Board of Directors has adopted, in accordance with its responsibility for the long-term fiscal health of the Corporation, an operating reserve fund to be used at its discretion for the purpose of settling extraordinary operational matters such as personnel settlements, legal fees, pay equity legislation, facility closure and other operational matters of significance. In accordance with this, the Board of Directors plans to designate for this reserve a minimum of 5 percent of operational costs incurred per year to the reserve to a maximum of 50 % of average annual operational costs. The total of all reserve funds will not exceed the funds required to maintain the Corporation for an operational period of 6 months. During the year \$30,000 was allocated to this operating reserve.

11. COVID-19 Pandemic

Beginning in March 2020 the Governments of Canada and Ontario, as well as foreign governments, instituted emergency measures as a result of the COVID-19 virus. Measures taken to contain the spread of the virus and closures of non-essential services have triggered significant disruptions to business worldwide, resulting in an economic slowdown.

The overall effect of these events and potential future events is unknown at this time. The impact will be accounted for when they are known and may be accurately assessed. Management has been closely monitoring the situation and does not anticipate losses on its assets. The organization continued to operate with some adjustments to its programs and had staff working from home.

The organization did receive benefits under CEBA (Canadian Emergency Business Account) and through CEWS (Canadian Emergency Wage Subsidy program). These amounts have been presented in the financial statements.

OAK PARK NEIGHBOURHOOD CENTRE

Notes to Financial Statements – cont'd

Year ending August 31, 2020

12. 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, 2020. There have been no significant changes to the Organization's risk profile since August 31, 2019.

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.
