

Oak Park Neighbourhood Centre

Financial Statements

August 31, 2022

Oak Park Neighbourhood Centre

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Auditors' 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 of the statement of financial position as at August 31, 2022, 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, 2022, 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, current assets and net assets as at August 31, 2022 and August 31, 2021. Our audit opinion on the financial statements for the year ended August 31, 2022 and August 31, 2021 were 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.

Auditors' Report

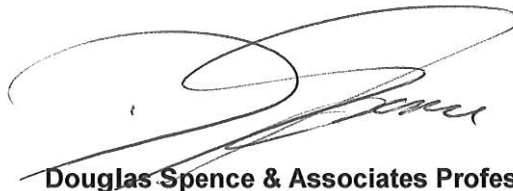
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 controls that we identify during our audit.

Oakville, Canada
November 22, 2022



Douglas Spence & Associates Professional Corporation
Chartered Professional Accountants
Licensed Public Accountant


Oak Park Neighbourhood Centre

Statement of Financial Position

August 31, 2022

	Notes	2022	2021
Assets			
Current assets			
Cash		\$ 376,688	\$ 436,721
Grant receivable		-	6,558
Government remittances receivable		10,644	5,266
Government assistance receivable	4.	-	14,410
		387,332	462,955
Capital assets - net	5.13.	639,073	724,516
Total assets		\$ 1,026,405	\$ 1,187,471
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 13,093	\$ 12,139
Deferred revenue	10.	192,448	253,406
Government remittances payable		-	14,009
Current portion of mortgage	11.	-	15,642
		205,541	295,196
CEBA loan	6.	40,000	40,000
Mortgage	11.	-	229,207
Deferred revenue - capital assets	13.14.	251,677	297,903
Total liabilities		497,218	862,306
Net assets			
Restricted	3.	30,000	30,000
Restricted - micro loan	3.	20,000	20,000
Unrestricted		479,187	275,165
		529,187	325,165
Total liabilities and net assets		\$ 1,026,405	\$ 1,187,471

Approved on behalf of the board


Chair of the Board

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

Oak Park Neighbourhood Centre

Statement of Operations

For the Year Ended August 31, 2022

	Notes	2022	2021
Revenue			
Grant funding	15.	\$ 578,302	\$ 366,176
Charitable donations		171,781	29,455
Program income	12.	166,717	110,458
Amortization of deferred revenue - capital assets	14.	46,226	22,450
Fundraising income		73,905	57,662
Rental		30,095	13,878
Membership		3,161	1,309
		1,070,187	601,388
Operating expenses			
Salaries and benefits		437,391	447,288
Program resources and supplies		189,038	95,940
Utility support program		93,309	36,000
Amortization		85,443	25,576
Office and administration		15,246	2,989
Utilities		7,819	5,301
Cleaning and property maintenance		7,112	6,300
Property taxes		6,647	6,635
Professional fees		6,515	4,111
Mortgage interest		6,003	7,238
Insurance		4,734	4,354
Facility maintenance		4,314	2,380
Financial literacy program		4,110	9,140
Telephone		3,221	2,723
Evaluation		1,429	5,832
Training		1,337	132
Advertising and promotion		62	88
		873,730	662,027
Excess of revenue over expenditures from operations		196,457	(60,639)
Other income			
Canada Emergency Wage Subsidy	8.	5,963	113,921
Canada Emergency Rent Subsidy	8.	-	15,536
Interest		1,602	994
		7,565	130,451
Excess of revenue over expenditures		\$ 204,022	\$ 69,812

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

Oak Park Neighbourhood Centre

Statement of Changes in Net Assets

For the Year Ended August 31, 2022

					2022
	Unrestricted	Restricted micro loan	Restricted		Total
Balance, beginning of year	\$ 275,165	\$ 20,000	\$ 30,000	\$	325,165
Excess of revenues over expenditures	204,022	-	-		204,022
Balance, end of year	\$ 479,187	\$ 20,000	\$ -	\$	529,187

					2021
	Unrestricted	Restricted micro loan	Restricted		Total
Balance, beginning of year	\$ 205,353	\$ 20,000	\$ 30,000	\$	255,353
Excess of revenues over expenditures	69,812	-	-		69,812
Balance, end of year	\$ 275,165	\$ 20,000	\$ 30,000	\$	325,165

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

Oak Park Neighbourhood Centre

Statement of Cash Flows

For the Year Ended August 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenditures	\$ 204,022	\$ 69,812
Change in non-cash items		
Amortization	85,443	25,576
Amortization of deferred revenue - capital assets	(46,226)	(22,450)
Changes in non-cash working capital items		
Decrease (increase) in grant receivable	6,558	(8,282)
(Increase) decrease in government remittances receivable	(4,977)	4,315
Decrease in government assistance receivable	14,010	-
Increase in accounts payable and accrued liabilities	953	6,290
(Decrease) increase in government remittances payable	(14,009)	14,009
(Decrease) increase in deferred revenue	(60,958)	95,382
	184,816	184,652
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgage	(244,849)	(16,762)
Net cash (decrease) increase	(60,033)	167,890
Cash, beginning of period	436,721	268,831
Cash, end of period	\$ 376,688	\$ 436,721

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

Oak Park Neighbourhood Centre

Notes to the Financial Statements

For the Year Ended August 31, 2022

1. Nature of operations

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 support for the community of Oakville with a focus on North Oakville. Support is provided through diverse programs with the objective to relieve poverty, provide education, support, recreational and social opportunities. For Canadian income tax purpose the Organization is a non-profit organization which is exempt from income tax under the income tax act.

2. Significant accounting policies

a. Basis of preparation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

b. Cash

Cash consists of balances with the bank.

c. Financial instruments

i) Financial instruments are recorded at fair value when acquired or issued. Subsequently, all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities and CEBA loan.

ii) For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 the statement of operations.

d. 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.

Oak Park Neighbourhood Centre

Notes to the Financial Statements

For the Year Ended August 31, 2022

2. Significant accounting policies

d. Revenue recognition

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.

Restricted contributions for the purchase of capital assets will be amortized into income on the same basis of the acquired capital asset.

Donated goods are recorded at their fair market value at the time of the donation. During the year \$105,443 in goods were donated (2021 - \$10,466).

e. 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 method at the following rates:

Land and land improvements	Non depreciable
Building	15 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. The Organization regularly reviews its capital assets to eliminate obsolete items.

f. 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.

g. Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Oak Park Neighbourhood Centre

Notes to the Financial Statements

For the Year Ended August 31, 2022

2. Significant accounting policies

h. Government assistance

Government assistance relating to forgivable loans are accounted for based on how the proceeds are utilized. If used for current operations the amounts are recorded as income in the corresponding period. If used for operations in later periods the amount is deferred until those periods. The forgivable loan relating to the Canada Emergency Business Account ("CEBA") is recognized once the company determines the amount will be repaid by the due date and they are entitled to the forgivable portion.

Government assistance relating to the Canada Emergency Wage Subsidy is accounted in the period the related wages are incurred.

3. 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 Organization, 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 will review annually to determine an allocation for each completed fiscal period. Total accumulated reserve allocation is not to exceed 50% of the average annual operational costs. For the 2022 fiscal period \$nil (2021 - \$30,000) was allocated to this operating reserve.

In fiscal 2022, \$20,000 was restricted for the micro loan program (2021 - \$20,000). The donation was made from the Cockwell family.

4. Government assistance receivable

	2022	2021
Canada Emergency Wage Subsidy	\$ -	\$ 14,410

Oak Park Neighbourhood Centre

Notes to the Financial Statements

For the Year Ended August 31, 2022

5. Capital assets

Capital assets consist of the following:

			2022	2021
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 363,597	\$ -	\$ 363,597	\$ 363,597
Land improvements	13,825	-	13,825	13,825
Building	495,885	238,406	257,479	342,403
Furniture and fixtures	4,624	4,624	-	-
Fences	7,821	3,650	4,172	4,691
Total	\$ 885,752	\$ 246,680	\$ 639,073	\$ 724,516

During the year, amortization on capital assets amounted to \$85,443 (2021 - \$25,576). There were \$nil (2021 - \$nil) capital asset additions. See note 13 for the change in accounting estimate relating to the building.

6. CEBA loan

In the 2021 fiscal year, the Organization received a loan of \$40,000 through the Canada Emergency Business Account ("CEBA"). The loan is interest-free. Repaying the balance of the loan on or before December 31, 2023 may result in loan forgiveness of 25 percent of the amount borrowed (to a maximum of \$20,000). The proceeds from the loan must be used to pay for certain operating expenses. If the loan is not repaid by January 1, 2024, annual interest of 5% will be calculated on the balance of the term loan and will be payable on the last day of each month and the full loan balance and all unpaid interest would be due on December 31, 2025.

7. Related party transactions

There were \$nil (\$nil - 2021) related party transactions in the year.

8. Government assistance

During the year, the Organization received CEWS (Canada Emergency Wage Subsidy) in the amount of \$5,963 (2021 - \$113,921) and CERS (Canada Emergency Rent Subsidy) \$nil (2021 - \$15,536).

Oak Park Neighbourhood Centre

Notes to the Financial Statements

For the Year Ended August 31, 2022

9. 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, 2022. There have been no significant changes to the Organization's risk profile since August 31, 2021.

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 and CEBA loan.

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.

It is management's opinion that the Organization is not exposed to significant currency rate risk, interest rate risk and other price risk arising from these financial instruments.

10. Deferred revenue

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.

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.

	2022	2021
Grants	\$ 76,332	\$ 161,680
Fundraising income	36,508	46,666
Charitable donations	35,231	11,337
Syrian family income	19,867	19,867
Afterschool	13,117	3,555
Preschool income	8,875	9,666
Rental income	2,339	-
Membership income	179	635
	\$ 192,448	\$ 253,406

Oak Park Neighbourhood Centre

Notes to the Financial Statements

For the Year Ended August 31, 2022

11. Mortgage

	2022	2021
First Ontario Credit Union mortgage bearing interest at 2.85% per annum, repayable in monthly blended payments of \$2,000. The mortgage is amortized over 17 years and matures on August 31, 2022. The mortgage 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. The mortgage was paid off in full during the year.	\$ -	\$ 244,849
Amounts payable within one year	-	(15,642)
	\$ -	\$ 229,207

12. Program income

	2022	2021
Childcare program	\$ 150,572	\$ 99,532
Summer camp	6,537	2,755
After school program	9,608	8,171
	\$ 166,717	\$ 110,458

13. Change in estimate

During the year, management determined there was a change in the useful life of the building in which the Organization operates. The building originally had a useful life of 20 years when it was first purchased in 2012. In fiscal 2022, management determined that the useful life of the building is 15 years. This reflects a change in accounting estimate, therefore, prospective accounting treatment has been applied.

As a result of the change in estimate in fiscal 2022, capital assets have decreased \$85,443, deferred revenue has decreased \$45,426, net assets have decreased \$40,017 and excess of revenues over expenditures have decreased by \$40,017.

Oak Park Neighbourhood Centre

Notes to the Financial Statements

For the Year Ended August 31, 2022

14. Deferred revenue – capital assets

The Organization deferred grants, donations and fundraising funds restricted for capital assets, less the revenue recognized for capitalized costs incurred related to the renovation of the building, acquisition of land and purchase of furniture and fixtures. Original amounts were as follows: Phase One 2013 - \$169,012 (amortized over 15 years), Phase Two 2015 - \$105,583 (amortized over 15 years), Furniture and Fixtures 2015 - \$2,000 (amortized over 5 years), Phase Three 2016 - \$28,000 (amortized over 15 years) and Phase Four 2019 - \$135,000 (amortized over 15 years).

There was a change in the useful life of the building during the fiscal year from 20 years to 15 years. Deferred revenue is amortized into income on the same basis as the building, therefore, deferred revenue was reduced from 20 years to 15 years, refer to note 16 below.

	2021	Contributions	Revenue	2202
Building - phase one	\$ 92,073	\$ -	\$ (23,018)	\$ 69,055
Building - phase two	66,680	-	(9,526)	57,154
Building - phase three	19,600	-	(2,450)	17,150
Building - phase four	114,750	-	(10,432)	104,318
Fences	4,800	-	(800)	4,000
	\$ 297,903	\$ -	\$ (46,226)	\$ 251,677

15. Grant funding

	2022	2021
Government	\$ 260,432	\$ 158,876
Charities	293,731	147,766
Corporate	12,186	51,399
Service Clubs - non profit	11,953	7,635
Fundraising	-	500
	\$ 578,302	\$ 366,176

16. Comparative amounts

Certain comparative figures have been reclassified to conform to current year's presentation. There has been no impact on 2021 earnings or net assets as a result of these reclassifications.

Oak Park Neighbourhood Centre

Notes to the Financial Statements

For the Year Ended August 31, 2022

17. COVID-19 Pandemic

The COVID 19 situation is constantly evolving and the measures put in place are having multiple impacts on local, provincial, national, and global economies. Management and the board of directors are closely monitoring the situation as it relates to the Organization and do not anticipate any losses on its assets. The Organization has continued to operate on a restricted basis during the pandemic by adhering to the Ontario and Federal COVID guideline measures imposed. The overall effect of any future impacts from COVID-19 on the Organization are too uncertain to be estimated at this time. Any future impacts will be accounted for when they are known and may be assessed.