

ALISON NEIGHBOURHOOD COMMUNITY CENTRE
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024



RACOLTA JENSEN LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

ALISON NEIGHBOURHOOD COMMUNITY CENTRE
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YEAR ENDED AUGUST 31, 2024

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RACOLTA JENSEN LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Alison Neighbourhood Community Centre

Qualified Opinion

We have audited the financial statements of Alison Neighbourhood Community Centre (the "organization"), which comprise the statement of financial position as at August 31, 2024, and the statements of revenues and expenditures, 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, 2024, 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 (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives a portion of its revenue from the community in the form of registration fees and fundraising events which are 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, 2024 and August 31, 2023, current assets and net assets as at August 31, 2024 and August 31, 2023.

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 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 audit 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.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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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.

Cambridge, Ontario
January 20, 2025



Racolta Jensen LLP
Chartered Professional Accountants
Licensed Public Accountants

	2024	2023 <i>Restated</i>
ASSETS		
CURRENT		
Cash	\$ 28,516	\$ 84,640
Short-term deposits <i>(note 4)</i>	90,455	30,000
Grants receivable <i>(note 7)</i>	24,635	24,088
Government remittances recoverable	16,131	24,326
Prepaid expenses	5,702	7,941
	<u>165,439</u>	<u>170,995</u>
PROPERTY AND EQUIPMENT <i>(note 5)</i>	<u>4,281</u>	<u>1,159</u>
	<u>\$ 169,720</u>	<u>\$ 172,154</u>
LIABILITIES		
CURRENT		
Accounts, payable and accrued	\$ 22,324	\$ 15,237
Deferred revenue <i>(note 6)</i>	74,164	61,014
	<u>96,488</u>	<u>76,251</u>
NET ASSETS	<u>73,232</u>	<u>95,903</u>
	<u>\$ 169,720</u>	<u>\$ 172,154</u>

 Director

 Director

(See accompanying notes to financial statements)
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ALISON NEIGHBOURHOOD COMMUNITY CENTRE
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED AUGUST 31, 2024

	2024	2023 <i>Restated</i>
REVENUES		
Grants <i>(note 6)</i>		
City of Cambridge	\$ 111,641	\$ 109,196
Lyle S Hallman Children's Initiatives	50,000	112,892
Employment and Social Development Canada <i>(note 7)</i>	41,775	53,113
Other grants	54,634	26,765
Ministry of Tourism	30,750	31,987
Red Cross	24,551	34,803
	<u>313,351</u>	<u>368,756</u>
Registration fees	93,001	52,925
Fundraising and other <i>(note 7)</i>	35,022	20,703
Interest	985	1,324
	<u>442,359</u>	<u>443,708</u>
EXPENDITURES		
Administration	7,500	9,567
Advertising and promotion	830	757
Amortization	2,320	2,746
Insurance	6,288	5,912
Interest and bank charges	4,415	3,834
Office	22,090	28,022
Professional fees	19,703	26,504
Programs	44,729	75,237
Salaries and benefits	355,336	378,775
Utilities	1,736	1,378
Vehicle	83	556
	<u>465,030</u>	<u>533,288</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (22,671)</u>	<u>\$ (89,580)</u>

ALISON NEIGHBOURHOOD COMMUNITY CENTRE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2024

	2024	2023 <i>Restated</i>
NET ASSETS - BEGINNING OF YEAR		
As previously reported	\$ 112,575	\$ 185,483
Prior period adjustments (<i>note 7</i>)	<u>(16,672)</u>	<u>-</u>
NET ASSETS - AS RESTATED	95,903	185,483
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(22,671)</u>	<u>(89,580)</u>
NET ASSETS - END OF YEAR	<u>\$ 73,232</u>	<u>\$ 95,903</u>

ALISON NEIGHBOURHOOD COMMUNITY CENTRE
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2024

	2024	2023 <i>Restated</i>
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (22,671)	\$ (89,580)
Item not affecting cash:		
Amortization of property and equipment	2,320	2,746
	<u>(20,351)</u>	<u>(86,834)</u>
Changes in non-cash working capital:		
Grants receivable	(547)	3,288
Accounts, payable and accrued	7,088	(8,342)
Deferred revenue	13,150	(15,025)
Prepaid expenses	2,239	902
Government remittances recoverable	8,195	(9,211)
	<u>30,125</u>	<u>(28,388)</u>
Cash flow from (used by) operating activities	<u>9,774</u>	<u>(115,222)</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(5,443)</u>	<u>-</u>
	4,331	(115,222)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>114,640</u>	<u>229,862</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 118,971</u></u>	<u><u>\$ 114,640</u></u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 28,516	\$ 84,640
Short-term deposits	<u>90,455</u>	<u>30,000</u>
	<u><u>\$ 118,971</u></u>	<u><u>\$ 114,640</u></u>

ALISON NEIGHBOURHOOD COMMUNITY CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

1. PURPOSE OF THE ORGANIZATION

The organization is incorporated under the name Alison Neighbourhood Community Centre by letters patent dated April 30, 2001 under the laws of the Province of Ontario to promote life quality and well being of families in the neighbourhood by providing opportunities for participation in the development of community life.

As Alison Neighbourhood Community Centre is a not-for-profit organization under the Income Tax Act, its income is not taxable.

2. BASIS OF PRESENTATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Short-term deposits

Term deposits consist of a cashable guaranteed investment certificate. The term deposits are recognized initially at fair value on the date the investment is made and subsequently measured at amortized cost.

Property and equipment

is recorded at cost. Amortization is provided using the declining balance basis at the following rates:

Office furniture and equipment	20%
Computer hardware	55%

Amortization is calculated at one-half of the normal rate in the year of acquisition.

acquired during the year but not placed into use are not amortized until they are placed into use.

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 that 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. No impairment has been recognized on long-lived assets.

Measurement of financial instruments

The organization initially recognized its financial assets and liabilities at fair value. Financial assets subsequently measured at amortized cost include bank, short-term deposits, and grants receivable. Financial liabilities subsequently measured at amortized cost include accounts payable.

Revenue recognition

The organization's activities are supported through grants, registration fees, donations, and fundraising activities.

Alison Neighbourhood Community Centre follows the deferral method of accounting for contributions.

Grants, registration fees, and fundraising revenue are recognized as deferred revenue when received, then recognized as revenue when the programming is completed or the event has occurred.

Interest revenue is recognized using the effective interest method.

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ALISON NEIGHBOURHOOD COMMUNITY CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services and materials

The work of the organization is dependent on volunteer services of the Board of Directors, various committees, and other volunteers. The nature of other volunteer services provided is not verifiable and therefore is not recognized in these financial statements.

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 reporting date, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates are the estimated useful life of property and equipment. These estimates are reviewed periodically, and adjustments are made, as appropriate, in the statement of operations in the year they become known.

4. SHORT-TERM DEPOSITS

The organization holds two cashable guaranteed investment certificates totaling the amount of \$90,000 as at August 31, 2024, bearing interest at 4.1%, and maturing July 2025.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer equipment	\$ 8,952	\$ 8,523	\$ 429	\$ -
Office furniture and equipment	10,470	6,618	3,852	1,159
	<u>\$ 19,422</u>	<u>\$ 15,141</u>	<u>\$ 4,281</u>	<u>\$ 1,159</u>

6. DEFERRED REVENUE

Deferred revenue represents designated contributions for which the organization has not yet spent the money on the specific expenditure. Annual City of Cambridge grant and registration fees received before August 31, 2024 for events in the next fiscal year account for deferred revenue. This revenue is deferred and recognized as revenue in the year in which related expenses are incurred.

	2024	2023
Deferred revenue, beginning	\$ 61,014	\$ 76,039
Add: funds received in advance	150,791	172,444
Less: funds recognized in revenue during the year	<u>(137,641)</u>	<u>(187,469)</u>
Deferred revenue, ending	<u>\$ 74,164</u>	<u>\$ 61,014</u>

ALISON NEIGHBOURHOOD COMMUNITY CENTRE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2024

7. PRIOR PERIOD ADJUSTMENT

Some revenues recognized in fiscal 2022 were incorrectly re-recorded in fiscal 2023 income. As such, grants receivable, Employment and Social Development Canada and Fundraising and other revenue were overstated for 2023. Therefore, the financial statements of 2023 have been decreased by the following amounts.

	<u>2023 (restated)</u>
<u>Balance sheet</u>	
Grants receivable previously reported	\$ 40,760
Grants receivable and net asset prior period adjustment	<u>(16,672)</u>
Grant receivable restated	<u><u>24,088</u></u>
<u>Income statement</u>	
Employment and Social Development Canada previously reported	68,368
Employment and Social Development Canada prior period adjustment	<u>(15,255)</u>
Employment and Social Development Canada restated	<u><u>53,113</u></u>
 Fundraising and other previously reported	 22,120
Fundraising and other prior period adjustment	<u>(1,417)</u>
Fundraising and other restated	<u><u>20,703</u></u>

8. FINANCIAL INSTRUMENT RISKS

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, 2024.

(a) Credit risk

Credit risk refers to the risk that other parties may default on their financial obligations.

The organization is exposed to credit risk on its bank and short-term deposits balance.

Credit risk associated with bank and short-term deposit investments is minimized substantially by ensuring that these assets are invested in a major financial institution.

The organization is exposed to credit risk on grants receivable which consist of amounts due from grants applied for prior to year-end. These grants were all received subsequent to year-end.

The extent of the organization's exposure to credit risk increased in 2024.

(b) Liquidity risk

Liquidity risk refers to the risk that the company will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the company not being able to liquidate assets in a timely manner at a reasonable price.

The company meets its liquidity requirements by monitoring cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. The company maintains term deposits to ensure that there is adequate liquidity.

The extent of the organization's exposure to liquidity risk increased in 2024.

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