

**ALISON NEIGHBOURHOOD COMMUNITY
CENTRE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

Draft

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INDEPENDENT AUDITORS' REPORT

To the Directors 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, 2022 and the statements of operations and 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 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 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, 2022 and August 31, 2021, current assets and net assets as at August 31, 2022 and August 31, 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 that 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 these 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 for 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 auditors' 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 auditors' 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

Racolta Jensen LLP
Chartered Professional Accountants
Licensed Public Accountants

ALISON NEIGHBOURHOOD COMMUNITY CENTRE
(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2022
(With comparative figures as at 2021)

	2022	2021
ASSETS		
CURRENT		
Bank	\$ 109,669	\$ 244,769
Term deposits (note 2)	120,192	96,499
Grants receivable	27,376	2,813
Government remittances recoverable	15,115	7,485
Prepaid expenses	<u>8,843</u>	<u>2,673</u>
	281,195	354,239
PROPERTY AND EQUIPMENT (note 3)	<u>3,905</u>	<u>5,239</u>
	<u>\$ 285,100</u>	<u>\$ 359,478</u>
LIABILITIES		
CURRENT		
Accounts, payable and accrued	\$ 23,576	\$ 30,462
Deferred revenue (note 4)	<u>76,039</u>	<u>48,005</u>
	<u>99,615</u>	<u>78,467</u>
NET ASSETS		
NET ASSETS	<u>185,485</u>	<u>281,011</u>
	<u>\$ 285,100</u>	<u>\$ 359,478</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

(See accompanying notes to financial statements)

ALISON NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF OPERATIONS AND NET ASSETS

**FOR THE YEAR ENDED AUGUST 31, 2022
(With comparative figures for 2021)**

	2022	2021
REVENUE		
Grants (note 4)		
City of Cambridge	\$ 104,306	\$ 104,306
Lyle S Hallman Children's Initiatives	88,119	98,360
Ministry of Tourism	39,840	30,360
Red Cross	10,970	19,893
Employment and Social Development Canada	64,627	11,687
Other grants	40,964	73,552
Registration fees	40,704	27,787
Fundraising and other	21,337	8,234
Interest	<u>1,001</u>	<u>751</u>
	<u>411,868</u>	<u>374,930</u>
 EXPENDITURE		
Administration	9,000	-
Advertising and promotion	1,596	1,289
Amortization	2,594	2,139
Insurance	5,267	3,024
Interest and bank charges	5,215	255
Office	37,704	26,713
Professional fees	20,821	8,630
Programs	69,849	45,311
Salaries and benefits	356,370	245,096
Utilities	1,323	1,647
Vehicle	<u>671</u>	<u>574</u>
	<u>510,410</u>	<u>334,678</u>
 EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURE BEFORE THE FOLLOWING	 (98,542)	 40,252
CANADA EMERGENCY WAGE SUBSIDY	<u>3,015</u>	<u>79,833</u>
 EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURE	 (95,527)	 120,085
NET ASSETS, beginning	<u>281,012</u>	<u>160,927</u>
NET ASSETS, ending	<u>\$ 185,485</u>	<u>\$ 281,012</u>

(See accompanying notes to financial statements)

ALISON NEIGHBOURHOOD COMMUNITY CENTRE

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED AUGUST 31, 2022
(With comparative figures for 2021)**

	2022	2021
OPERATING ACTIVITIES		
Excess (deficit) of revenue over expenditure for the year	\$ (95,527)	\$ 120,085
Charges not requiring cash:		
Amortization	<u>2,594</u>	<u>2,139</u>
	(92,933)	122,224
CHANGES IN NON-CASH WORKING CAPITAL		
Decrease (increase) in grants receivable	(24,563)	48,799
Increase in prepaid expenses	(6,170)	(560)
Increase in government remittances recoverable	(8,635)	(3,903)
Decrease in accounts, payable and accrued	(5,880)	(6,623)
Increase in deferred revenue	<u>28,034</u>	<u>315</u>
Cash from operating activities	<u>(110,147)</u>	<u>160,252</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(1,260)</u>	<u>(4,097)</u>
Cash used in investing activities	<u>(1,260)</u>	<u>(4,097)</u>
INCREASE (DECREASE) IN BANK	(111,407)	156,155
BANK, beginning	<u>341,268</u>	<u>185,113</u>
BANK, ending	<u>\$ 229,861</u>	<u>\$ 341,268</u>
REPRESENTED BY:		
Bank	\$ 109,669	\$ 244,769
Short-term investments	<u>120,192</u>	<u>96,499</u>
	<u>\$ 229,861</u>	<u>\$ 341,268</u>

(See accompanying notes to financial statements)

ALISON NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

(a) 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.

(b) Property and equipment

Property and equipment are recorded at cost. Amortization is provided at the following annual rate:

Computer hardware	- 55% declining balance basis
Office furniture and equipment	- 20% declining balance basis

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

(c) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long-term service potential to the organization. No impairment has been recognized on long-lived assets.

(d) Measurement of financial instruments

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

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ALISON NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Revenue recognition

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

The organization 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.

Donation revenue is recognized when received from donors.

(f) 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.

2. TERM DEPOSITS

The organization has a cashable guaranteed investment certificate in the amount of \$120,000 as at August 31, 2022, bearing interest at 2.25%, and maturing August 2023.

3. PROPERTY AND EQUIPMENT

			2022	2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 6,759	\$ 4,303	\$ 2,456	\$ 3,428
Office furniture & equipment	<u>7,220</u>	<u>5,771</u>	<u>1,449</u>	<u>1,811</u>
	<u>\$ 13,979</u>	<u>\$ 10,074</u>	<u>\$ 3,905</u>	<u>\$ 5,239</u>

ALISON NEIGHBOURHOOD COMMUNITY CENTRE

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

4. DEFERRED REVENUE

Deferred revenue represents designated contributions for which the organization has not yet spent the money on the specific expenditure. Namely, City of Cambridge grant funding, Ontario trillium fund, Lyle S. Hallman's children's initiatives, and registration fees received before August 31, 2022 for events in the next fiscal year. This revenue is deferred and recognized as revenue in the year in which related expenses are incurred.

	2022	2021
Deferred revenue, beginning	\$ 48,005	\$ 47,690
Add: funds received in advance	237,884	121,519
Less: funds recognized in revenue during the year	<u>(209,850)</u>	<u>(121,204)</u>
Deferred revenue, ending	\$ <u>76,039</u>	\$ <u>48,005</u>

5. FINANCIAL INSTRUMENT RISKS

(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 term deposits balance.

Credit risk associated with bank and 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 did decreased in 2022.

(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 2022.