

Glen Cairn Community Resource Centre

Financial Statements

Year ended March 31, 2023



Independent Auditor's Report

To the Board of Directors of Glen Cairn Community Resource Centre

Qualified Opinion

We have audited the financial statements of Glen Cairn Community Resource Centre ("the Centre"), which comprise the Statement of Financial Position as at March 31, 2023, 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 Centre as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Centre derives revenue from donations and 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 Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, net revenue, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets and net assets for the years then ended. Our audit opinion on the financial statements 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 Centre 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 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.

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Bringing Solutions Together

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 Centre'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 Centre'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 Centre'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 Centre 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 achieve 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.



London, Ontario
September 25, 2023

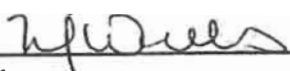
Chartered Professional Accountants
Licensed Public Accountants

Glen Cairn Community Resource Centre


Statement of Financial Position as at March 31, 2023

	2023	2022
Assets		
Current		
Cash	\$ 284,684	\$ 447,718
Government remittances receivable - HST	29,381	12,832
Accounts receivable	38,421	3,561
Prepaid expenses	1,270	-
	<u>353,756</u>	<u>464,111</u>
Capital assets (Note 2)	<u>1,527,321</u>	<u>1,384,324</u>
	<u>\$ 1,881,077</u>	<u>\$ 1,848,435</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 61,726	\$ 32,512
Government remittances payable	10,872	5,974
Deferred contributions (Note 3)	113,196	88,650
Repayable to MCCSS	17,630	17,630
Long-term debt due within one year (Note 6)	208,576	22,313
	<u>412,000</u>	<u>167,079</u>
Deferred contributions related to capital assets (Note 4)	744,150	661,552
Long-term debt (Note 6)	-	205,065
	<u>1,156,150</u>	<u>1,033,696</u>
Net Assets		
Unrestricted	<u>724,927</u>	<u>814,739</u>
	<u>\$ 1,881,077</u>	<u>\$ 1,848,435</u>

Approved by the Directors:



Director



Director

Glen Cairn Community Resource Centre

Statement of Changes in Net Assets

Year ended March 31, 2023

	2023	2022
Net assets, beginning of year	\$ 814,739	\$ 845,577
Net expense	<u>(89,812)</u>	<u>(30,838)</u>
Net assets, end of year	<u>\$ 724,927</u>	<u>\$ 814,739</u>

Glen Cairn Community Resource Centre

Statement of Operations
Year ended March 31, 2023

	2023	%	2022	%
Revenue				
MCCSS/MCYS	\$ 117,759	16.5	\$ 117,759	22.4
Fund development	151,488	21.2	63,028	12.0
Canada Summer Jobs/New Horizons	141,189	19.8	55,604	10.6
United Way	85,000	11.9	171,620	32.6
City of London	79,115	11.1	71,230	13.5
Collaborative projects	64,390	9.0	30,081	5.7
Contributions related to capital assets (Note 4)	36,874	5.2	13,851	2.6
Rental	33,639	4.7	-	0.0
Interest	5,096	0.7	2,540	8.0
	<u>714,550</u>	<u>100.0</u>	<u>525,713</u>	<u>100.0</u>
Expenses				
Salaries and benefits	496,531	69.5	376,209	71.6
Program	136,661	19.1	104,656	19.9
Building occupancy	54,482	7.6	36,069	6.9
Amortization	46,194	6.5	36,930	7.0
Administrative costs	35,763	5.0	43,677	8.3
Information technology	16,872	2.4	7,552	1.4
Interest on long-term debt	15,459	2.2	10,687	2.0
Purchased services	2,400	0.3	-	0.0
Fundraising	-	0.0	1,294	0.2
	<u>804,362</u>	<u>112.6</u>	<u>617,074</u>	<u>117.4</u>
Net expense before the following	(89,812)	(12.6)	(91,361)	(17.4)
Loan forgiveness (Note 7)	-	0.0	50,000	9.5
Government assistance	-	0.0	18,062	3.4
Provision for repayable to MCCSS	-	0.0	(7,539)	(1.4)
Net expense	<u>\$ (89,812)</u>	<u>(12.6)</u>	<u>\$ (30,838)</u>	<u>(5.9)</u>

Glen Cairn Community Resource Centre

Statement of Cash Flows
Year ended March 31, 2023

	2023	2022
Cash provided by (used in):		
Operating Activities		
Net expense	\$ (89,812)	\$ (30,838)
Add (deduct) non-cash items:		
Amortization	46,194	36,930
Loan forgiveness	-	(50,000)
Contributions related to capital assets	(36,874)	(13,851)
Change in non-cash working capital items related to operations (Note 9)	5,980	73,635
	<u>(74,512)</u>	<u>15,876</u>
Investing Activities		
Acquisition of capital assets	(490,190)	(93,144)
Construction in progress	300,999	-
	<u>(189,191)</u>	<u>(93,144)</u>
Financing Activities		
Payments on long-term debt	(18,802)	(22,898)
Receipt of capital contributions - deferred	119,471	87
	<u>100,669</u>	<u>(22,811)</u>
Decrease in cash	(163,034)	(100,079)
Cash, beginning of year	447,718	547,797
Cash, end of year	\$ 284,684	\$ 447,718

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2023

Purpose of the Organization

Glen Cairn Community Resource Centre ("the Centre") is dedicated to encouraging individuals, families and neighbourhoods to gather, grow and build a strong sense of community life. The Centre delivers responsive and innovative services to build a safe, healthy and vibrant community. The Centre cultivates the participation and leadership of all members of the community through partnerships and collaborations for the purpose of enhancing the quality of community life.

The Centre was incorporated by Letters Patent on September 16, 1987 pursuant to the laws of Ontario. The Centre is also registered charity under the Income Tax Act (Canada) as such is exempt from income taxes.

1. Accounting Policies

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

Revenue Recognition

The Centre follows the deferral method of accounting for contributions. Restricted revenues that relate to expenses planned for a future period are deferred to that future period. Unrestricted contributions and fundraising revenue are recognized as received. Gifts in kind are recorded at their estimated value at the time of the gift. Rental revenue is recognized on a monthly basis, as earned. All other revenue is recognized as received.

Capital Assets

Capital assets are recorded at acquisition cost. Amortization is provided on the declining balance method over the estimated useful lives of the assets at the following annual rates:

Building	4 %
Equipment	20 %
Dental clinic	4 %
Kitchen	4 %

Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand, gift cards on hand and balances with banks.

Financial Instruments

Measurement of financial instruments:

The Centre initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net revenue (expense).

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2023

1. Accounting Policies (continued)

Financial Instruments (continued)

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in net revenue (expense).

Transaction costs:

The Centre recognizes its transactions costs in net revenue (expense) in the period incurred.

Contributed Services

Contributed services by volunteers are not recognized in these financial statements due to the difficulty in determining their fair market value.

Impairment of Long-Lived Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Specific estimates include the allowance for doubtful accounts, repayable to the Ministry of Children, Community and Social Services, useful lives of capital assets and amortization rates and methods. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

2. Capital Assets

	Cost	Accumulated Amortization	Net	
			2023	2022
Land	\$ 210,000	\$ -	\$ 210,000	\$ 210,000
Building	814,614	284,082	530,532	552,637
Equipment	30,437	23,317	7,120	8,900
Dental clinic	331,601	30,663	300,938	313,477
Construction in progress	-	-	-	299,310
Kitchen	488,501	9,770	478,731	-
	<u>\$ 1,875,153</u>	<u>\$ 347,832</u>	<u>\$ 1,527,321</u>	<u>\$ 1,384,324</u>

During the year, the kitchen was completed and as a result, construction in progress of \$300,999 was capitalized and is being amortized as it is now in use.

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2023

3. Deferred Contributions

Deferred contributions represent unspent resources for specific programs as follows:

	2023	2022
City of London Core	\$ 29,750	\$ 14,875
Forever Legacy	22,247	11,000
Sifton Family Foundation Study Buddies	20,505	24,106
London Community Foundation Food for All	14,997	-
City of London Child & Youth Network	6,798	-
City of London Good Food Box	5,034	12,922
Gift cards on hand	3,186	4,417
Physical and Health Education Access to Action	2,984	-
Seniors Program Funds	2,697	-
May Court Club of London	1,900	5,271
Canadian Tire Jumpstart	1,659	1,659
TD Garden Grant	1,439	-
Toys 4 Tots	-	900
The Law Society Foundation	-	1,500
City of London Physical and Mental Health Resources	-	2,000
Libro Food for All	-	10,000
	<u>\$ 113,196</u>	<u>\$ 88,650</u>

4. Deferred Contributions Related to Capital Assets

The deferred contributions related to capital assets consists of unspent restricted contributions received that have been externally designated by the donors for a capital renovation. Once the renovation is complete, these contributions will be recognized into revenue over the same time period as the related capital asset is amortized. These funds have been internally segregated from general operating funds as restricted cash related to the ongoing construction projects. At year-end, both the dental clinic and kitchen renovations were complete. Deferred contributions can be broken down as follows:

	2023			2022
	Kitchen	Dental Clinic	Total	Total
Deferred contributions				
(2022 Kitchen - \$329,129, 2022 Dental Clinic - \$346,274)	\$ 448,601	\$ 332,423	\$ 781,024	\$ 675,403
Less: amounts amortized to revenue (2022 Kitchen - \$NIL, 2022 Dental Clinic - \$13,851)	<u>(23,577)</u>	<u>(13,297)</u>	<u>(36,874)</u>	<u>(13,851)</u>
	<u>\$ 425,024</u>	<u>\$ 319,126</u>	<u>\$ 744,150</u>	<u>\$ 661,552</u>

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2023

5. Bank Indebtedness

The Centre has a commercial operating line of credit authorized with Libro Credit Union to a maximum of \$25,000. It is a revolving demand facility at the interest rate of 7.7% (2022 3.7%), secured by the building located at 244 Adelaide Street South, London. The balance outstanding at year-end was \$NIL (2022 - \$NIL).

6. Long-term Debt

	2023	2022
Libro Credit Union mortgage, prime plus 2%, due January 31, 2024, repayable in blended semi-monthly payments of \$1,399	\$ 208,576	\$ 227,378
Less amounts due within one year included in current liabilities	208,576	22,313
	<u>\$ -</u>	<u>\$ 205,065</u>

The mortgage is secured by land and building with a carrying value of \$740,532 (2022 - \$762,637).

7. Forgivable Loan

Under the terms of an agreement dated February 3, 2011 between the Corporation of the City of London and Glen Cairn Community Resource Centre, the City of London provided a forgivable loan of \$400,000 for the Centre's purchase of property at 244 Adelaide Street, London. This was in addition to an earlier grant of \$100,000 which was for due diligence and the remainder for the property purchase. The agreement stipulates that the loan is to be used solely toward the purchase of the property and that, should the loan proceeds be used for any other purpose or for the personal benefit of its Directors or employees, the loan shall become immediately due and payable upon demand by the City of London.

The agreement further stipulates that the loan shall be forgivable by the City over a ten year period whereby the City shall forgive \$50,000 annually on the anniversary date of the purchase of the property at 244 Adelaide Street, May 2, 2011, subject to the Centre's compliance with the terms and conditions of the agreement. Management is of the opinion that the Centre was in compliance with all the terms of the agreement during the year. This loan was discharged on August 30, 2023.

8. Financial Instruments Risk Management

The Centre is exposed to various risks through its financial instruments. The following provides information about the Centre's risk exposure and concentration.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the Centre by failing to discharge its obligation. The Centre is exposed to credit risk relating to its accounts receivables. An allowance for doubtful accounts, if required, is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Centre does not have any significant concentration of credit risk.

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2023

8. Financial Instruments Risk Management (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The long-term debt bears a fixed interest rate. The Centre expects to renew its long-term debt at market rates as the debt matures. Accordingly, the Centre's exposure to interest rate risk is dependent upon future market rates compared to rates currently contracted for long-term debt.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Due to the Centre's increased cash position, their liquidity risk has been reduced in recent years. The Centre manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts.

Other Risks

It is management's belief that the Centre is not exposed to significant currency or market risk.

There have been no significant changes in the nature, extent or concentration of the risk exposures from the prior year.

9. Statement of Cash Flows

The change in non-cash working capital balances related to operations referred to in the statement is determined as follows:

	2023	2022
(Increase) decrease in current assets:		
Accounts receivable	\$ (34,860)	\$ 38,996
Government remittances receivable - HST	(16,549)	15,710
Prepaid expenses	(1,270)	-
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	29,215	(27,472)
Repayable to Ministry of Children, Community and Social Services (MCCSS)	-	7,539
Government remittances payable	4,898	2,847
Deferred contributions	24,546	36,015
Net change	<u>\$ 5,980</u>	<u>\$ 73,635</u>