

Glen Cairn Community Resource Centre

Financial Statements

Year ended March 31, 2022



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, 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 Centre as at March 31, 2022 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, 2022 and 2021, 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.

Emphasis of Matter

We draw attention to Note 8 of the financial statements, which describes the effects of the COVID-19 pandemic on the Centre's operations. Our opinion is not modified in respect of this matter.

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 8, 2022

Chartered Professional Accountants
Licensed Public Accountants

Glen Cairn Community Resource Centre

Statement of Financial Position as at March 31, 2022

	2022	2021
Assets		
Current		
Cash	\$ 447,718	\$ 547,797
Government remittances receivable - HST	12,832	28,542
Accounts receivable (Note 9)	3,561	42,557
	<u>464,111</u>	<u>618,896</u>
Capital assets (Note 2)	<u>1,384,324</u>	<u>1,328,109</u>
	<u>\$ 1,848,435</u>	<u>\$ 1,947,005</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 32,512	\$ 59,984
Government remittances payable	5,974	3,127
Deferred contributions (Note 3)	88,650	52,635
Repayable to MCCSS	17,630	10,091
Long-term debt due within one year (Note 6)	22,313	22,933
	<u>167,079</u>	<u>148,770</u>
Deferred contributions related to capital assets (Note 4)	661,552	675,315
Long-term debt (Note 6)	205,065	227,343
Forgivable loan (Note 7)	-	50,000
	<u>1,033,696</u>	<u>1,101,428</u>
Net Assets		
Unrestricted	<u>814,739</u>	<u>845,577</u>
	<u>\$ 1,848,435</u>	<u>\$ 1,947,005</u>

Approved by the Directors:



Director



Director

Glen Cairn Community Resource Centre

Statement of Changes in Net Assets

Year ended March 31, 2022

	2022	2021
Net assets, beginning of year	\$ 845,577	\$ 590,815
Net revenue (loss)	<u>(30,838)</u>	<u>254,762</u>
Net assets, end of year	<u>\$ 814,739</u>	<u>\$ 845,577</u>

Glen Cairn Community Resource Centre

Statement of Operations
Year ended March 31, 2022

	2022	%	2021	%
Revenue				
United Way	\$ 171,620	32.6	\$ 134,496	18.6
MCCSS/MCYS	117,759	22.4	117,759	16.3
City of London	71,230	13.5	81,848	11.3
Fund development	63,028	12.0	308,613	42.8
Canada Summer Jobs	55,604	10.6	28,952	4.0
Collaborative projects	30,081	5.7	34,547	4.8
Contributions related to capital assets (Note 4)	13,851	2.6	14,428	2.0
Interest	2,540	0.5	1,015	8.0
	<u>525,713</u>	<u>100.0</u>	<u>721,658</u>	<u>100.0</u>
Expenses				
Salaries and benefits	376,209	71.6	321,300	44.5
Program	104,656	19.9	86,706	12.0
Administrative costs	43,677	8.3	36,481	5.1
Amortization	36,930	7.0	32,706	4.5
Building occupancy	36,069	6.9	28,007	3.9
Interest on long-term debt	10,687	2.0	11,640	1.6
Information technology	7,552	1.4	9,812	1.4
Fundraising	1,294	0.2	923	0.1
Purchased services	-	0.0	399	0.1
	<u>617,074</u>	<u>117.4</u>	<u>527,974</u>	<u>73.2</u>
Net revenue (expense) before the following	(91,361)	(17.4)	193,684	26.8
Loan forgiveness (Note 7)	50,000	9.5	50,000	6.9
Government assistance (Note 9)	18,062	3.4	21,169	2.9
Provision for repayable to MCCSS	(7,539)	(1.4)	(10,091)	(1.4)
Net revenue (loss)	<u>\$ (30,838)</u>	<u>(5.9)</u>	<u>\$ 254,762</u>	<u>35.3</u>

Glen Cairn Community Resource Centre

Statement of Cash Flows
Year ended March 31, 2022

	2022	2021
Cash provided by (used in):		
Operating Activities		
Net revenue (loss)	\$ (30,838)	\$ 254,762
Add (deduct) non-cash items:		
Amortization	36,930	32,706
Loan forgiveness	(50,000)	(50,000)
Contributions related to capital assets	(13,851)	(14,428)
Change in non-cash working capital items related to operations (Note 11)	73,635	(38,363)
	<u>15,876</u>	<u>184,677</u>
Investing Activities		
Acquisition of capital assets	(93,144)	(330,306)
Financing Activities		
Payments on long-term debt	(22,898)	(21,945)
Receipt of capital contributions - deferred	87	17,964
	<u>(22,811)</u>	<u>(3,981)</u>
Decrease in cash	(100,079)	(149,610)
Cash, beginning of year	<u>547,797</u>	<u>697,407</u>
Cash, end of year	<u>\$ 447,718</u>	<u>\$ 547,797</u>

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2022

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. 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 %

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.

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2022

1. Accounting Policies (continued)

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).

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.

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	
			2022	2021
Land	\$ 210,000	\$ -	\$ 210,000	\$ 210,000
Building	814,614	261,977	552,637	575,664
Equipment	30,437	21,537	8,900	9,721
Dental clinic	331,601	18,124	313,477	266,395
Construction in progress	299,310	-	299,310	266,329
	<u>\$ 1,685,962</u>	<u>\$ 301,638</u>	<u>\$ 1,384,324</u>	<u>\$ 1,328,109</u>

The construction in progress of \$299,310 (2021 - \$266,329) is not being amortized because the resulting capital asset is under construction and not yet available for use.

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2022

3. Deferred Contributions

Deferred contributions represent unspent resources for specific programs as follows:

	2022	2021
City of London Core	\$ 14,875	\$ 14,875
Gift cards on hand	4,417	14,697
City of London Good Food Box	12,922	7,652
May Court Club of London	5,271	6,350
Community Foundations of Canada	-	4,661
Toys 4 Tots	900	2,900
The Law Society Foundation	1,500	1,500
City of London Physical and Mental Health Resources	2,000	-
Libro Food for All	10,000	-
Forever Legacy	11,000	-
Sifton Family Foundation Study Buddies	24,106	-
Canadian Tire Jumpstart	1,659	-
	<u>\$ 88,650</u>	<u>\$ 52,635</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, the dental clinic renovations were complete and the kitchen renovations were still ongoing. Deferred contributions can be broken down as follows:

	2022			2021
	Kitchen	Dental Clinic	Total	Total
Deferred contributions				
(2021 Kitchen - \$329,047,				
2021 Dental Clinic - \$346,268)	\$ 329,129	\$ 346,274	\$ 675,403	\$ 689,743
Less: amounts amortized				
to revenue (2021 Kitchen - \$NIL,				
2021 Dental Clinic - \$14,428)	-	(13,851)	(13,851)	(14,428)
	<u>\$ 329,129</u>	<u>\$ 332,423</u>	<u>\$ 661,552</u>	<u>\$ 675,315</u>

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 3.7% (2021 3.45%), secured by the building located at 244 Adelaide Street South, London. The balance outstanding at year-end was \$NIL (2021 - \$NIL).

Glen Cairn Community Resource Centre

Notes to Financial Statements
March 31, 2022

6. Long-term Debt

	2022	2021
Libro Credit Union mortgage, prime plus 2%, due January 31, 2024, repayable in blended semi-monthly payments of \$1,399	\$ 227,378	\$ 250,276
Less amounts due within one year included in current liabilities	22,313	22,933
	<u>\$ 205,065</u>	<u>\$ 227,343</u>

The mortgage is secured by land and building with a carrying value of \$762,637 (2021 - \$785,664). The aggregate amount of principal payments estimated to be required until maturity date are as follows:

2023	\$ 22,313
2024	205,065

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 forgivable loan is secured by a second mortgage on the property.

8. COVID-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This pandemic continues to impact demand for staffing, products and services in the near future. The impact to the Centre is not determinable at the date of these financial statements; however, it may be material and could include changes to operations and the financial position of the Centre.

9. Government Assistance

During the year, the Centre applied and was approved for a federal subsidy of \$18,062 as part of the Canada Emergency Wage Subsidy (CEWS) program (2021 - \$13,936). At year-end, \$NIL is receivable (2021 - \$13,936). The purpose of the program is to enable businesses affected by COVID-19 to re-hire and retain employees.

Glen Cairn Community Resource Centre

Notes to Financial Statements

March 31, 2022

10. 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.

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.

11. Statement of Cash Flows

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

	2022	2021
(Increase) decrease in current assets:		
Accounts receivable	\$ 38,996	\$ (41,698)
Government remittances receivable - HST	15,710	(17,354)
Prepaid expenses	-	500
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(27,472)	7,192
Repayable to Ministry of Children, Community and Social Services(MCCSS)	7,539	10,091
Government remittances payable	2,847	3,082
Deferred contributions	36,015	(176)
Net change	<u>\$ 73,635</u>	<u>\$ (38,363)</u>

Glen Cairn Community Resource Centre

Notes to Financial Statements

March 31, 2022

12. Commitments

The Centre has signed an agreement to receive funding from Employment and Social Development Canada for the New Horizons for Seniors Program in the amount of \$15,734. The program will run from March 28, 2022 to March 27, 2023. No funding was received or expenditures paid under this funding program before March 31, 2022.

The Centre has signed an agreement to receive funding from Community Food Centres Canada for the Good Food Access Fund in the amount of \$20,000. Funding was received April 8, 2022 and is intended to be spent within three months of receipt.

The Centre has contracted Roberts Bros. to complete HVAC, ventilation and ductwork on the kitchen project at a cost of \$151,863 + HST. The work is expected to be completed within the next fiscal year.