

**NEPEAN COMMUNITY SUPPORT SERVICES
(O/A NEPEAN, RIDEAU AND OSGOODE COMMUNITY RESOURCE CENTRE)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To
The Members of Board of Nepean Community Support Services

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nepean Community Support Services which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net financial 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, the financial statements present fairly, in all material respects, the financial position of Nepean Community Support Services as at March 31, 2023, and the results of its operations, its changes in net financial assets, and cash flows for the year ended in accordance with Accounting Standards for Not-for-Profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, Nepean, Rideau and Osgoode Community Resource Centre derives revenue from fundraising and donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Our audit opinion on the financial statements for the year ended March 31, 2023 was qualified because of the possible effects of this limitation of scope. Therefore we were not able to determine whether any adjustments might be necessary to fundraising and donations revenues, excess of revenue over expenses for the years ended March 31, 2023 and 2022, assets as at March 31, 2023 and 2022, and net assets at both the beginning and end of the March 31, 2023 and 2022 years.

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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

Responsibilities of Management and Those Charged With Governance of the Financial Statements

Management is responsible for the preparation of these 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 CAS's, 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 Entity'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 Entity'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 Entity 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.



Connelly & Koshy CPA, Professional Corporation

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario

June 26, 2023



NEPEAN COMMUNITY SUPPORT SERVICES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
	\$	\$
REVENUE		
Government grants		
City of Ottawa	884,152	991,453
Government of Canada	43,584	29,225
Province of Ontario	84,986	117,340
Non-government grants		
Grants	386,061	177,210
Fundraising and donations	67,150	59,790
Secondments	31,383	24,870
Other	49,877	3,041
Investment income	12,576	8,595
Amortization of leasehold inducements	10,882	10,882
Amortization of deferred contributions related to tangible capital assets	11,432	5,124
	<u>1,582,083</u>	<u>1,427,530</u>
EXPENSES		
Amortization of tangible capital assets	31,249	32,679
Honorarium	22,376	11,481
Insurance	8,703	9,028
Meals and entertainment	5,635	419
Occupancy	188,973	163,030
Office	55,302	50,532
Professional fees	8,835	5,818
Program supplies	135,252	111,237
Purchases of services	82,526	36,312
Salaries and benefits	1,014,512	1,018,637
Telephone	5,485	4,424
Training	14,809	8,332
Travel	4,531	2,243
Webpage	1,554	847
	<u>1,579,742</u>	<u>1,455,019</u>
EXCESS OF REVENUES OVER EXPENSES		
(EXPENSES OVER REVENUES)	<u>2,341</u>	<u>(27,489)</u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

NEPEAN COMMUNITY SUPPORT SERVICES

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2023

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	Net Assets 2023 \$	Net Assets 2022 \$
NET ASSETS , start of year	<u>64,139</u>	<u>76,610</u>	<u>445,194</u>	<u>585,943</u>	<u>613,432</u>
Excess of revenues over expenses (expenses over revenues) for the year	0	0	2,341	2,341	(27,489)
Amortization of tangible capital assets	(31,249)	0	31,249	0	0
Amortization of deferred contributions related to tangible capital assets	<u>11,432</u>	<u>0</u>	<u>(11,432)</u>	<u>0</u>	<u>0</u>
NET ASSETS , end of year	<u><u>44,322</u></u>	<u><u>76,610</u></u>	<u><u>467,352</u></u>	<u><u>588,284</u></u>	<u><u>585,943</u></u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

**NEPEAN COMMUNITY SUPPORT SERVICES
(A Not for Profit Corporation)**

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	2023	2022
	\$	\$
ASSETS		
CURRENT		
Cash	523,601	396,682
Short-term investments	67,964	104,491
Trade and other receivables (Note 5)	42,740	25,078
Grant receivables	10,170	0
Prepaid expenses (Note 9)	<u>25,458</u>	<u>17,723</u>
	<u>669,933</u>	<u>543,974</u>
NON-CURRENT		
Investments	335,962	292,721
Capital assets (Note 3)	<u>67,388</u>	<u>98,638</u>
TOTAL ASSETS	<u>1,073,283</u>	<u>935,333</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	35,499	18,083
Deferred contributions (Note 4)	<u>423,259</u>	<u>282,752</u>
	<u>458,758</u>	<u>300,835</u>
LONG-TERM DEBT		
Deferred contributions related to tangible capital assets (Note 6)	23,067	34,498
Deferred lease inducement	<u>3,174</u>	<u>14,057</u>
	<u>26,241</u>	<u>48,555</u>
NET ASSETS		
Net assets invested in capital assets	44,322	64,139
Net assets internally restricted (Note 7)	76,610	76,610
Unrestricted net assets	<u>467,352</u>	<u>445,194</u>
	<u>588,284</u>	<u>585,943</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,073,283</u>	<u>935,333</u>

APPROVED ON BEHALF OF THE BOARD :

Director _____

Director _____

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

NEPEAN COMMUNITY SUPPORT SERVICES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	2,341	(27,489)
Adjustments for:		
Amortization of tangible capital assets	31,249	32,679
Amortization of deferred lease inducement	(10,882)	(10,882)
Amortization of deferred contributions related to tangible capital assets	<u>(11,432)</u>	<u>(5,124)</u>
	<u>8,935</u>	<u>16,673</u>
Changes in non-cash working capital items:		
Net change in trade and other receivables	(17,662)	7,647
Net change in grants receivable	(10,170)	8,986
Net change in prepaid expenses	(7,735)	(255)
Net change in accounts payable and accrued liabilities	17,417	(24,450)
Net change in deferred contributions	<u>140,507</u>	<u>94,866</u>
	<u>133,633</u>	<u>75,978</u>
 INVESTING ACTIVITIES		
Maturity of investments	<u>(6,714)</u>	<u>(25,740)</u>
 CHANGE IN CASH AND EQUIVALENTS	126,919	50,238
CASH AND EQUIVALENTS, beginning of year	<u>396,682</u>	<u>346,444</u>
CASH AND EQUIVALENTS, end of year	<u>523,601</u>	<u>396,682</u>
 REPRESENTED BY:		
Cash	<u>523,601</u>	<u>396,682</u>

(See attached Independent Auditor's Report)
(See accompanying Notes to Financial Statements)

NEPEAN COMMUNITY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

1. PURPOSE OF THE ORGANIZATION

The organization is a not-for-profit organization incorporated without share capital under the laws of Ontario. The organization's purpose is to facilitate the delivery of social services to Nepean, Rideau and Osgoode residents. The organization is dependent on government funding to provide its services. As a registered charity under the income tax act, the organization is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Capital assets

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives.

Investments

Investments are recorded at the lower of amortized cost and market value.

Contributed services

Volunteers contribute various hours per year to assist the entity in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

NEPEAN COMMUNITY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Capital assets

Capital assets are accounted for at cost. Amortization is based on their estimated useful life using the following methods and rates.

	Methods	Rates
Furniture and equipment	Straight-line	10 years
Computer equipment	Straight-line	3 to 5 years
Leasehold improvements	Straight-line	Over the lease term

One half of the annual amortization is used in the year of acquisition.

Deferred contributions related to tangible capital assets

Contributions related to tangible capital assets are accounted for as deferred contributions and amortized on the same basis as the related tangible capital assets.

NEPEAN COMMUNITY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instrument measurement

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, term deposits, accounts receivable and grants receivable. The financial liabilities measured at amortized cost include the bank loan and trade accounts payable and accrued liabilities.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2023	Net Book Value 2022
	\$	\$	\$	\$
Furniture and equipment	4,560	(1,900)	2,660	3,572
Computer equipment	146,328	(143,880)	2,448	4,414
Leasehold improvements	<u>283,707</u>	<u>(221,427)</u>	<u>62,280</u>	<u>90,652</u>
	<u>434,595</u>	<u>(367,207)</u>	<u>67,388</u>	<u>98,638</u>

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources for special programs and restricted operating funding received in the current period that is related to the subsequent year. Changes in the deferred contributions balance are as follows:

	2023 \$	2022 \$
Balance, beginning of year	282,752	187,887
Less: amount recognized as revenue in the year	(228,352)	(445,128)
Add: amount received related to the following year	<u>368,859</u>	<u>539,993</u>
Ending balance	<u>423,259</u>	<u>282,752</u>

NEPEAN COMMUNITY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

5. TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Funds receivable	28,249	12,029
HST receivable	<u>14,491</u>	<u>13,049</u>
	<u><u>42,740</u></u>	<u><u>25,078</u></u>

6. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE ASSETS

Deferred contributions related to tangible capital assets represent contributions received from the City of Ottawa relating to the acquisition of leasehold improvements. The changes in the deferred contributions balance for the period are as follows:

	2023	2022
	\$	\$
Balance, beginning of year	34,498	39,622
Amounts received during the year	0	0
Amounts amortized to revenue during the year	<u>(11,431)</u>	<u>(5,124)</u>
Balance, end of year	<u><u>23,067</u></u>	<u><u>34,498</u></u>

7. RESTRICTIONS ON NET ASSETS

A portion of the organization's net assets has been restricted as approved by the Organization's Board of Directors. The funds have been set aside to pay for youth programming needs and youth priority areas, computer upgrades, training, and the costs of future short-term disabilities and fundraising. During the year, \$nil funds were used for program needs (2022 - \$nil). These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
	\$	\$
Trade and accrued liabilities	20,209	1,145
Credit card payable	731	1,416
Vacation payable	<u>14,559</u>	<u>15,522</u>
	<u><u>35,499</u></u>	<u><u>18,083</u></u>

NEPEAN COMMUNITY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

9. PREPAID EXPENSES

The prepaid expense balance represents expenses related to the subsequent period. It consists of prepaid insurance and prepaid program supplies.

10. CONTRACTUAL OBLIGATIONS

The Organization entered into a rental agreement for its office premises commencing on June 1, 2022 and expiring on September 30, 2033. The minimum rental payments are on a square footage basis with the costs being the following: Year 1, \$13.00 per square foot; Years 2 and 3, \$13.25 per square foot; Years 4 and 5, \$13.75 per square foot; Year 6, \$14.25 per square foot; Year 7, \$14.75 per square foot; Year 8, \$15.25 per square foot; Years 9 and 10; \$15.75 per square foot. Additional rent pertaining to the tenant's share of property taxes and other operating costs will also be incurred annually.

11. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis presents the organization's exposures to significant risk as at March 31, 2023.

Credit risk

The Organization provides credit to its contributors in the normal course of its operations. It carries out, on a continuing basis, credit checks on its contributors and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Organization does not normally require a guarantor. For the other debts, the Organization determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

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.

Market risk

Market risk is the risk that the fair value of 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 only exposed to interest rate risk.

NEPEAN COMMUNITY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

11. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Organization manages its portfolio investments based on its cash flow needs and with a view to optimising its interest income. The Organization is exposed to interest rate risk on its fixed interest financial instruments.

12. UNCERTAINTY DUE TO COVID-19

The duration and full financial impact of the COVID-19 pandemic is unknown at this time, as are any additional measures to be taken by governments, the Organization or others to attempt to reduce the spread of COVID-19. Any estimate of length and severity of this pandemic is subject to significant uncertainty and accordingly is unknown whether COVID-19 may materially and adversely impact the Organization's operations, financial results and condition in future periods.

13. COMPARATIVE FIGURES FOR THE PRIOR YEAR

Certain figures for 2022 have been reclassified to make their presentation identical to that adopted in 2023.

14. PRIOR PERIOD ADJUSTMENT

The organization received revenues in the amount of \$54,400 in the prior year, for which the related expenses were not incurred the current year. As a result, the prior year figures have been reclassified to take into account the effects of this retrospective correction. This amount has been accounted for as a decrease to the net assets balance as at March 31, 2022 of \$54,400 which represents the cumulative impact of the above-cited adjustments.