

**Nepean Community Support
Services (o/a Nepean, Rideau and
Osgoode Community Resource
Centre)**



Financial Statements

For the year ended March 31, 2020



Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)
Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

**To the Members of
Nepean Community Support Services**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Nepean Community Support Services (the "Organization") which comprise the statement of financial position as at March 31, 2020, 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 effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its results of 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 Organization 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, 2019 was also qualified because of the possible effects of this limitation in 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, 2020 and 2019, assets as at March 31, 2020 and 2019, and net assets at both the beginning and end of the March 31, 2020 and 2019 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 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 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 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
October 26, 2020
Ottawa, Ontario

**Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)
Statement of Financial Position**

March 31 **2020** **2019**

Assets

Current

Cash (Note 1)	\$	378,859	\$	315,833
Short-term investments (Note 2)		80,404		64,192
Trade and other receivables		39,093		60,071
Grant receivable		8,818		10,344
Prepaid expenses		19,652		15,619

526,826 **466,059**

Long-term investments (Note 2) **295,634** **306,860**

Tangible capital assets (Note 3) **148,586** **96,961**

\$ 971,046 **\$ 869,880**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	48,479	\$	39,494
Deferred contributions (Note 4)		246,457		192,846
Other deferred revenue (Note 5)		13,590		15,780

308,526 **248,120**

Deferred contributions related to tangible capital assets (Note 6) **47,902** **23,060**

Deferred lease inducement **35,820** **46,702**

392,248 **317,882**

Net assets

Invested in tangible capital assets		100,684		73,901
Internally restricted (Note 7)		76,610		76,610
Unrestricted		401,504		401,487

578,798 **551,998**

\$ 971,046 **\$ 869,880**

On behalf of the Board:

_____ Director _____ Director

**Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)
Statement of Changes in Net Assets**

For the year ended March 31 **2020** **2019**

	Invested in Tangible Capital Assets	Internally Restricted	Unrestricted	Net Assets	Net Assets
Balance, beginning of year	\$ 73,901	\$ 76,610	\$ 401,487	\$ 551,998	\$ 525,090
Amortization of tangible capital assets	(28,536)	-	28,536	-	-
Amortization of deferred contributions relates to tangible capital assets	6,701	-	(6,701)	-	-
Additions of tangible capital assets	80,161	-	(80,161)	-	-
Additions to deferred contributions related to tangible capital assets	(31,543)	-	31,543	-	-
Excess of revenues over expenses for the year	-	-	26,800	26,800	26,908
Balance, end of year	\$ 100,684	\$ 76,610	\$ 401,504	\$ 578,798	\$ 551,998

**Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)**

Statement of Operations

For the year ended March 31 **2020** **2019**

Revenues

Government grants			
City of Ottawa	\$	856,929	\$ 815,285
Government of Canada		42,331	114,579
Province of Ontario		150,866	126,914
Non-government grants			
Grants		161,525	100,460
Fundraising and donations		62,611	51,601
Secondments		28,045	29,883
Other		14,765	18,892
Investment income		9,989	9,129
Amortization of leasehold inducements		10,882	10,882
Amortization of deferred contributions related to tangible capital assets (Note 6)		6,701	5,124
		1,344,644	1,282,749

Expenses

Amortization of tangible capital assets		28,536	23,199
Insurance		8,141	7,439
Occupancy		167,823	164,124
Office		50,872	53,152
Professional fees		9,400	11,692
Program supplies		93,600	76,442
Purchases of services		63,323	54,009
Salaries and benefits		875,977	843,230
Telephone		4,551	4,602
Training		9,462	10,688
Travel		6,120	5,859
Webpage		39	1,405
		1,317,844	1,255,841

Excess of revenue over expenses for the year	\$ 26,800	\$ 26,908
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**Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)**

Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 26,800	\$ 26,908
Adjustments for		
Amortization of tangible capital assets	28,536	23,199
Amortization of deferred lease inducement	(10,882)	(10,882)
Amortization of deferred contributions related to tangible capital assets	(6,701)	(5,124)
	<u>37,753</u>	34,101
Changes in non-cash working capital items		
Trade and other receivables	20,978	(40,159)
Grants receivable	1,526	(940)
Prepaid expenses	(4,033)	14
Accounts payable and accrued liabilities	8,985	(10,944)
Deferred contributions	53,611	61,281
Other deferred revenue	(2,190)	7,304
	<u>116,630</u>	50,657
Cash flows from investing activities		
Tangible capital asset additions	(80,161)	-
Maturity of investments	(16,212)	(11,581)
Purchase of investments	11,226	2,518
	<u>(85,147)</u>	(9,063)
Cash flows from financing activities		
Deferred contributions related to tangible capital assets	31,543	-
Increase in cash during the year	63,026	41,594
Cash, beginning of year	315,833	274,239
Cash, end of year	\$ 378,859	\$ 315,833

**Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)
Summary of Significant Accounting Policies**

March 31, 2020

Nature of Business	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.
Basis of Presentation	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.
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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Organization's estimates relate to provision for doubtful receivables and estimated useful life of tangible capital and intangible assets. Actual results could differ from management's best estimates as additional information becomes available in the future.
Financial Instruments	<p><u>Measurement of financial instruments</u></p> <p>Financial instruments are financial assets or liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial assets.</p> <p>The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.</p> <p>The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.</p> <p>Financial assets and financial liabilities measured at amortized cost include cash, short-term investments, trade and other receivables, grant receivable, long-term investments and accounts payable and accrued liabilities.</p> <p><u>Impairment</u></p> <p>Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.</p>

**Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)
Summary of Significant Accounting Policies**

March 31, 2020

**Financial Instruments
(continued)**

Transaction costs

The Organization recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset and is calculated as follows:

Office furniture	5 years straight-line basis
Office machines	5 years straight-line basis
Computer equipment	3-5 years straight-line basis

One-half of the above rates is used in the year of acquisition.

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.

The disbursement of revenues related to specific programs is generally subject to audit by the funding body. Based on experience, the Organization believes costs ultimately disallowed, if any, would be immaterial to the financial statements. Adjustments to prior years contributions would be recorded in the year in which the funding body request the adjustment.

Contributed Services

Volunteers contribute a significant amount of hours per year to assist the Organization 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.

**Impairment of Long-Lived
Assets**

When a tangible capital asset or intangible asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Leasehold Inducements

Leasehold inducements, including rent-free periods or rent subsidies received from non-related third parties, are deferred and amortized on a straight-line basis over the term of the lease and recorded as revenue.

**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
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)
Notes to Financial Statements**

March 31, 2020

1. Cash

The Organization's bank accounts are held at one chartered bank and earn nominal interest.

2. Investments

	2020	2019
Guaranteed investment certificate, earning interest of 2.5%, maturing in July, 2019	\$ -	\$ 64,192
Guaranteed investment certificate, earning interest of 2.2%, maturing in July, 2020	70,328	70,324
Guaranteed investment certificates, earning interest of 2.32%, maturing in December, 2020	10,076	10,075
Guaranteed investment certificate, earning interest of 2%, maturing in August, 2021	75,908	75,904
Guaranteed investment certificate, earning interest of 1.95%, maturing in September, 2021	25,267	25,266
Guaranteed investment certificate, earning interest of 2.65%, maturing in October, 2022	63,338	63,333
Guaranteed investment certificate, earning interest of 3.24%, maturing in October, 2023	61,964	61,958
Guaranteed investment certificates, earning interest of 2.35%, maturing in August, 2024	69,157	-
	376,038	371,052
Less: Short-term investments	80,404	64,192
	\$ 295,634	\$ 306,860

The GIC investments are non-redeemable.

**Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)
Notes to Financial Statements**

March 31, 2020

3. Tangible Capital Assets

	2020			2019		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 61,946	\$ 61,946	\$ -	\$ 61,946	\$ 61,946	\$ -
Computer equipment	136,500	135,308	1,192	136,500	131,135	5,365
Leasehold improvements	283,707	136,313	147,394	203,546	111,950	91,596
	\$ 482,153	\$ 333,567	\$ 148,586	\$ 401,992	\$ 305,031	\$ 96,961

4. Deferred Contributions

Deferred contributions represent unspent resources for special programs and restricted operating funding received in the current year that is related to the subsequent year.

	2020	2019
Balance, beginning of year	\$ 192,846	\$ 131,565
Amounts received during the year	395,602	403,849
Recognized as revenue during the year	(341,991)	(342,568)
Balance, end of year	\$ 246,457	\$ 192,846

**Nepean Community Support Services
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Notes to Financial Statements**

March 31, 2020

4. Deferred Contributions (continued)

Deferred contributions consist of the following programs:

	2020	2019
City of Ottawa		
EarlyON	\$ 4,333	\$ -
Playgroup	567	1,027
Social Services Relief Funding	10,000	-
Government of Canada		
EARRS New Horizon	11,157	16,477
Senior Outreach and Support	24,806	-
Let's Thrive Together	2,004	11,383
Province of Ontario		
Manordale Women's Crafting Group	4,435	2,919
After school kids club	-	520
Crisis bed program	17,732	19,031
Ministry of Health and Long-term Care - EARRS	-	14,227
Seniors in Action	3,169	1,255
Ontario Electricity Support Program	2,434	2,450
United Way		
Parkwood Hills fun day	-	610
Tornado relief	34,779	48,333
Women's crafting group	-	2,165
AFT	48,248	-
Community development framework funding	36,806	29,222
Community Foundation of Ottawa		
Tornado relief	-	10,000
Milk & Eggs	8,163	8,618
Private donations		
Parkwood Hills fun day	1,817	2,743
Tornado relief	-	10,938
Barrhaven Youth	36,007	10,382
Other	-	546
	\$ 246,457	\$ 192,846

**Nepean Community Support Services
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Notes to Financial Statements**

March 31, 2020

5. Other Deferred Revenue

Other deferred revenue represents Shine A Light revenues collected during the current fiscal year that will be recorded as revenue in the next fiscal year.

6. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represents contributions received from the City of Ottawa relating to the acquisition of leasehold improvements. Changes in the balance of deferred contributions are as follows:

	2020	2019
Balance, beginning of year	\$ 23,060	\$ 28,184
Amounts received during the year	31,543	-
Amortized to operations during the year	(6,701)	(5,124)
	\$ 47,902	\$ 23,060

7. Internally Restricted 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 the youth programming needs and youth priority areas, computer upgrades, training, and the costs of future short-term disabilities and fundraising. During the year, \$nil were used for program needs (2019 - \$nil).

8. Commitments

The Organization has a lease for its office premises for \$65,580 per year plus operational cost charges and realty taxes until expiry on October 1, 2023.

The future minimum payments for the next four years are as follows:

2021	\$	65,580
2022		65,580
2023		65,580
2024		30,058

**Nepean Community Support Services
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Community Resource Centre)
Notes to Financial Statements**

March 31, 2020

9. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) may have a material impact on the Organization's operations. The extent of the future impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

10. Risks and Concentrations

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at March 31, 2020.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to this credit risk mainly in respect of its trade and grant receivables. The majority of the Organization's receivables are from government sources and the Organization works to ensure they meet all eligibility criteria in order to qualify to receive the corresponding funding.

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 or 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.

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 Organization is exposed to interest rate risk on its fixed interest financial instruments.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the 2019 fiscal year.

**Nepean Community Support Services
(o/a Nepean, Rideau and Osgoode
Community Resource Centre)
Notes to Financial Statements**

March 31, 2020

11. Comparative Amounts

Certain comparative amounts have been restated to conform with the financial statement presentation used for the current year.
