

COMMUNITY CARE OF WEST NIAGARA

Financial Statements
for the Year Ended June 30, 2023
and Independent Auditor's Report to the Board of Directors and Members

COMMUNITY CARE OF WEST NIAGARA
FINANCIAL STATEMENTS
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Community Care of West Niagara:

Qualified Opinion

We have audited the accompanying financial statements of Community Care of West Niagara (the Entity), which comprise the balance sheet as at June 30, 2023 and the statements of revenues and expenses and fund balances and of 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 financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 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 not-for-profit organizations, the Entity derives revenue from donations and fundraising 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022, and fund balances as at July 1 and June 30 for both the 2023 and 2022 year ends. Our audit opinion on the financial statements for the year ended June 30, 2022 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 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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit 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 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 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 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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants

November 22, 2023

COMMUNITY CARE OF WEST NIAGARA
STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Operating Fund	Capital Fund	Total 2023	Total 2022
REVENUES				
Donations	\$ 401,583	\$ -	\$ 401,583	\$ 439,560
Fundraising	46,726	-	46,726	34,396
Bottle sorting	29,419	-	29,419	30,538
United Way operating grant	64,000	-	64,000	64,000
Direct program funding				
Feed Ontario - Feeding Possibilities	-	-	-	16,120
Food Banks Canada	13,500	-	13,500	3,089
Niagara Housing Stability Service	40,932	-	40,932	41,876
Niagara Region COVID 19	39,500	-	39,500	30,414
Ontario Association of Food Banks	-	-	-	15,000
United Way	7,344	-	7,344	-
Amortization of capital grants	-	17,271	17,271	14,696
Interest income	3,350	2,083	5,433	7,515
	646,354	19,354	665,708	697,204
EXPENSES				
Depreciation	-	38,895	38,895	26,628
Direct programs - Page 13	122,351	-	122,351	128,131
Donation	5,000	-	5,000	-
Fundraising	15,780	-	15,780	4,012
Interest on mortgage payable	-	6,109	6,109	4,753
Occupancy and administrative - Page 13	350,288	-	350,288	364,794
	493,419	45,004	538,423	528,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	152,935	(25,650)	127,285	168,886
FUND BALANCES, BEGINNING OF YEAR	290,389	592,953	883,342	714,456
INTERFUND TRANSFER (Note 8)	(61,572)	61,572	-	-
FUND BALANCES, END OF YEAR	\$ 381,752	\$ 628,875	\$ 1,010,627	\$ 883,342

COMMUNITY CARE OF WEST NIAGARA

BALANCE SHEET
JUNE 30, 2023

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2023</u>	<u>Total 2022</u>
ASSETS				
Current assets				
Cash	\$ 414,039	\$ 111,000	\$ 525,039	\$ 345,731
Term deposits	90,111	65,257	155,368	150,350
Harmonized Sales Tax recoverable	12,079	-	12,079	26,479
Prepaid expenses	3,666	-	3,666	5,958
	519,895	176,257	696,152	528,518
Property and equipment (Note 2)	-	832,851	832,851	741,404
	\$ 519,895	\$ 1,009,108	\$ 1,529,003	\$ 1,269,922
LIABILITIES				
Current liabilities (Note 3)				
Accounts payable and accrued liabilities	\$ 26,091	\$ -	\$ 26,091	\$ 31,181
Government remittances payable	7,090	-	7,090	6,266
Mortgage payable (Note 4)	-	9,400	9,400	103,172
Deferred revenue (Note 5)	104,962	-	104,962	36,506
	138,143	9,400	147,543	177,125
Mortgage payable (Note 4)	-	84,649	84,649	-
Deferred revenue (Note 5)	-	286,184	286,184	209,455
Commitments (Note 6)	-	-	-	-
	138,143	380,233	518,376	386,580
FUND BALANCES				
Invested in capital assets (Note 7)	-	452,618	452,618	428,777
Internally restricted (Note 1)	142,500	35,000	177,500	160,000
Unrestricted	239,252	141,257	380,509	294,565
	381,752	628,875	1,010,627	883,342
	\$ 519,895	\$ 1,009,108	\$ 1,529,003	\$ 1,269,922

Approved by the Board:

..... Director Director

COMMUNITY CARE OF WEST NIAGARA

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 127,285	\$ 168,886
Items not affecting cash		
Amortization of capital grants	(17,271)	(14,696)
Depreciation	38,895	26,628
	148,909	180,818
Changes in non-cash operating assets and liabilities		
Harmonized Sales Tax recoverable	14,400	(10,066)
Prepaid expenses	2,292	(3,494)
Accounts payable and accrued liabilities	(5,090)	(1,794)
Government remittances payable	824	(227)
Deferred revenue	78,456	(17,278)
	239,791	147,959
INVESTING ACTIVITIES		
Interest on term deposits reinvested	(5,018)	(3,782)
Purchase of property and equipment	(130,342)	(328,894)
	(135,360)	(332,676)
FINANCING ACTIVITIES		
Repayments of mortgage payable	(9,123)	(11,590)
Proceeds from deferred capital contributions	84,000	39,500
	74,877	27,910
INCREASE (DECREASE) IN CASH	179,308	(156,807)
CASH, BEGINNING OF YEAR	345,731	502,538
CASH, END OF YEAR	\$ 525,039	\$ 345,731

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of organization

Community Care of West Niagara is a registered charitable organization incorporated without share capital which provides food and emergency assistance to those in need in the West Niagara area.

Fund accounting

The Organization uses fund accounting whereby financial statement elements are reported by fund.

The operating fund includes the Organization's direct programs and administration. The capital fund includes assets, liabilities, revenue and expenses relating to the Organization's capital assets.

Internally restricted fund balances

The Organization's Board of Directors have approved the establishment of operating and capital reserves to be maintained. The operating reserve will be calculated as approximately 3 months of operating expenses, of which 35% will be reserved for the Christmas program. The capital reserve will be used for major repairs and maintenance of the capital assets.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue when the related expenses are incurred and unrestricted contributions are recognized as revenue when received.

Donation revenue is recognized on a cash basis. All other revenue and expenses are recorded on an accrual basis.

Donated materials and services

The Organization generally does not record the value of donated materials and relies on the services of volunteers, the value of which is not recorded in the financial statements as the amounts are not readily determinable.

Property and equipment

Property and equipment are stated at cost and are depreciated using the diminishing-balance method at the rates indicated in Note 2 to write off the assets over their estimated useful life. Depreciation in the year of acquisition is recorded at one-half of the normal rates.

Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Income taxes

No provision for income taxes is required as the Organization is exempt from income taxes.

COMMUNITY CARE OF WEST NIAGARA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Financial instruments

(a) Measurement of financial instruments

Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

Subsequent measurement

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash.

Financial assets measured at fair value include term deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage payable.

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as revenue recognition, impairment of long-lived assets, determination of useful lives of property and equipment and accrued liabilities.

2. PROPERTY AND EQUIPMENT

	Annual Depreciation Rates	2023		2022	
		Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	-	\$ 44,000	\$ -	\$ 44,000	\$ -
Building	5%	949,140	249,311	473,057	225,006
Assets under construction	-	37,662	-	394,523	-
Freezer and cooler	20%	45,206	24,987	45,206	19,932
Furniture and equipment	20%	70,289	55,140	59,169	52,743
Computer equipment	30%	9,180	6,666	9,180	5,588
Vehicle	30%	53,382	42,488	53,382	37,819
Signs	35%	3,975	1,391	3,975	-
Computer software	100%	6,111	6,111	6,111	6,111
		\$ 1,218,945	386,094	\$ 1,088,603	347,199
Net book value			\$ 832,851		\$ 741,404

No depreciation has been recorded on the assets under construction as they are not yet complete and available for use.

3. CREDIT FACILITY

The Organization has an authorized line of credit to a maximum of \$10,000 that bears interest at the Meridian Credit Union's prime rate plus 1.50%. As at June 30, 2023, this line of credit has not been drawn upon.

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

4. MORTGAGE PAYABLE

	<u>2023</u>	<u>2022</u>
Meridian Credit Union - payable in monthly instalments of \$1,251 at fixed rate of 6.20% due June 30, 2027, and secured by a general security agreement, a first mortgage in the amount of \$130,000 on land and building with a net book value of \$743,829, and an assignment of fire insurance	\$ 94,049	\$ 103,172
Less current portion	9,400	103,172
	\$ 84,649	\$ -

The Organization has agreed to certain covenants with respect to the above loan, including maintaining a Debt Service Ratio of greater than 1.1.

5. DEFERRED REVENUE

Short-term operating fund deferred revenue consists of restricted contributions and unspent funding as follows:

	<u>Opening Balance</u>	<u>Received</u>	<u>Incurred</u>	<u>Ending Balance</u>
Food Banks Canada	\$ -	\$ 13,500	\$ 13,500	\$ -
Niagara Housing Stability Service	(1,516)	54,904	40,932	12,456
Niagara Region COVID-19	19,700	19,800	39,500	-
United Way - Brushed Aside	8,322	(2,772)	-	5,550
United Way - Community Services Recovery	-	74,800	-	74,800
United Way - Food	-	10,000	4,018	5,982
United Way - Rent Assistance	-	9,500	3,326	6,174
	\$ 26,506	\$ 179,732	\$ 101,276	\$ 104,962

Short-term capital fund deferred revenue represents grant subsidies received to be used for property and equipment additions which have not yet been spent. During the year, the Organization spent \$10,000 (2022 - \$Nil) on capital projects which was transferred to long-term capital fund deferred revenue.

Long-term capital fund deferred revenue represents grant subsidies and contributions received which were used for renovations to the building and for the purchase of property and equipment. As the assets are capitalized, the proceeds from the contributions are being recognized over the life of the capitalized assets in accordance with depreciation taken. During the year, the Organization received \$84,000 (2022 - \$39,500) and spent \$94,000 (2022 - \$29,500) in grant subsidies and contributions related to property and equipment additions.

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

	Annual Amortization Rates	<u>2023</u>		<u>2022</u>	
		Capital Grants	Accumulated Amortization	Capital Grants	Accumulated Amortization
Building	5%	\$ 280,797	\$ 87,317	\$ 160,313	\$ 80,305
Building renovation	-	-	-	90,484	-
Freezer and cooler	20%	39,718	23,451	39,718	19,384
Freezer and cooler renovation	-	54,000	-	-	-
Furniture and equipment	20%	21,516	9,346	11,516	7,554
Vehicle	30%	50,308	40,041	50,308	35,641
		\$ 446,339	160,155	\$ 352,339	142,884
Net book value			\$ 286,184		\$ 209,455

6. COMMITMENTS

- (a) The Organization leases facilities under a lease agreement which expires in September 2024 and requires monthly payments of \$1,386 plus Harmonized Sales Tax. In addition, the Organization is responsible for certain operating costs. Minimum lease payments to the end of the lease term are as follows:

Years ending June 30, 2024	\$ 16,254
2025	4,158
	\$ 20,412

- (b) The Organization has entered into a contract for the replacement of the cooler and freezer with a total cost of approximately \$70,000 plus Harmonized Sales Tax. Of this amount, \$30,662 has been capitalized during the year to assets under construction with an estimated \$40,000 remaining to be incurred. A grant in the total amount of \$60,000 has been awarded to help cover this cost of which \$54,000 has been received to date.

7. INVESTED IN CAPITAL ASSETS

Balance consists of:	<u>2023</u>	<u>2022</u>
Property and equipment, at net book value	\$ 832,851	\$ 741,404
Long-term deferred revenue, at net book value	(286,184)	(209,455)
Mortgage payable	(94,049)	(103,172)
	\$ 452,618	\$ 428,777

COMMUNITY CARE OF WEST NIAGARA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

8. INTERFUND TRANSFER

During the year, the Organization's Board of Directors approved a transfer of \$61,572 (2022 - \$305,737) from the operating fund to the capital fund to finance mortgage payments and capital asset additions on behalf of the capital fund.

9. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) 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 since changes in interest rates may impact the Organization's borrowing costs. The Organization does not use any derivative instrument to reduce its exposure to interest rate risk.

It is management's opinion that the Organization is not exposed to significant market, currency, credit or liquidity risks arising from its financial instruments.

10. SOURCES OF CONTRIBUTIONS

During the year, donations and fundraising revenues were received from the following sources:

	<u>2023</u>	<u>2022</u>
Individuals	\$ 118,976	\$ 250,782
Businesses	202,074	184,418
Foundations	103,000	10,000
Community groups, churches and other charities	24,259	28,756
	\$ 448,309	\$ 473,956
Balance consists of:		
Revenue - Donations	\$ 401,583	\$ 439,560
Revenue - Fundraising	46,726	34,396
	\$ 448,309	\$ 473,956

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

11. CATCH THE ACE STATEMENT OF REVENUE AND EXPENSES

	<u>2023</u>	<u>2022</u>
REVENUE	\$ 8,260	\$ -
EXPENSES		
Donations	417	-
Prize money	4,130	-
Supplies and other expenses	3,297	-
	7,844	-
CATCH THE ACE EXCESS OF REVENUE OVER EXPENSES	\$ 416	\$ -

Catch the Ace revenue and expenses are included in the fundraising revenue and expenses on the Statement of Revenues and Expenses and Fund Balances.

12. IMPACT OF COVID-19 PANDEMIC

As the pandemic continues to evolve with the emergence of new variants, entities may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an entity's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting companies and organizations in different industries to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

COMMUNITY CARE OF WEST NIAGARA

SCHEDULES OF EXPENSES
YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
DIRECT PROGRAMS		
Back to school	\$ 4,555	\$ 377
Bottle sorting	362	1,297
Christmas centre	280	422
COVID 19	47,316	27,578
Emergency	6,418	5,897
Feeding Possibilities	-	11,276
Food	26,714	43,694
Niagara Housing Stability Service	36,706	37,590
	\$ 122,351	\$ 128,131

	<u>2023</u>	<u>2022</u>
OCCUPANCY AND ADMINISTRATIVE		
Advertising and promotion	\$ 1,584	\$ 13,643
Bank charges	2,914	4,456
Bookkeeping	11,365	11,272
Insurance	14,070	3,058
Legal and audit	15,857	12,279
Maintenance and repairs	26,404	22,575
Office supplies and miscellaneous	17,823	17,396
Rent	15,529	14,967
Seminars and meetings	779	1,363
Telephone	1,662	1,194
Travel and vehicle	4,222	3,178
Utilities	14,152	10,767
Wages and benefits	223,927	248,646
	\$ 350,288	\$ 364,794