

COMMUNITY CARE OF WEST NIAGARA

Financial Statements
for the Year Ended June 30, 2021
and Independent Auditor's Report to the Board of Directors and Members

COMMUNITY CARE OF WEST NIAGARA
FINANCIAL STATEMENTS
JUNE 30, 2021

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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, 2021 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, 2021, 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, 2021 and 2020, current assets as at June 30, 2021 and 2020, and fund balances as at July 1 and June 30 for both the 2021 and 2020 year ends. Our audit opinion on the financial statements for the year ended June 30, 2020 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 24, 2021



COMMUNITY CARE OF WEST NIAGARA
STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Operating Fund	Capital Fund	Total 2021	Total 2020
REVENUES				
Donations	\$ 433,793	\$ -	\$ 433,793	\$ 291,311
Fundraising	26,994	-	26,994	32,148
Bottle sorting	11,157	-	11,157	40,261
United Way operating grant	49,000	-	49,000	49,000
Employment Help Centre grant	-	-	-	3,300
Direct program funding				
Brushed Aside	3,928	-	3,928	5,797
Fresh Garden and Grow	-	-	-	1,369
Food Banks Canada	23,150	-	23,150	-
Niagara Community Foundation	20,556	-	20,556	2,000
Niagara Housing Stability Service	46,524	-	46,524	42,239
Niagara Region COVID 19	14,186	-	14,186	-
Ontario Trillium Foundation	8,135	-	8,135	-
Other	11,105	-	11,105	-
Second Harvest Food Rescue	-	-	-	43,481
United Way	58,500	-	58,500	11,100
Amortization of capital grants	-	16,466	16,466	19,334
Interest income	9,648	3,336	12,984	10,241
	716,676	19,802	736,478	551,581
EXPENSES				
Depreciation	-	28,185	28,185	32,618
Direct programs - Page 12	140,599	-	140,599	124,896
Donation	5,000	-	5,000	10,000
Fundraising	2,583	-	2,583	3,322
Interest on mortgage payable	-	4,811	4,811	5,184
Occupancy and administrative - Page 12	349,234	-	349,234	256,268
	497,416	32,996	530,412	432,288
EXCESS OF REVENUES OVER EXPENSES	219,260	(13,194)	206,066	119,293
FUND BALANCES, BEGINNING OF YEAR	348,351	160,039	508,390	389,097
INTERFUND TRANSFER (Note 7)	(155,446)	155,446	-	-
FUND BALANCES, END OF YEAR	\$ 412,165	\$ 302,291	\$ 714,456	\$ 508,390

COMMUNITY CARE OF WEST NIAGARA

BALANCE SHEET
JUNE 30, 2021

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
ASSETS				
Current assets				
Cash	\$ 391,538	\$ 111,000	\$ 502,538	\$ 287,556
Term deposits	85,004	61,564	146,568	310,848
Harmonized Sales Tax recoverable	16,413	-	16,413	3,703
Prepaid expenses	2,464	-	2,464	1,273
	495,419	172,564	667,983	603,380
Property and equipment (Note 2)	-	439,138	439,138	389,093
	\$ 495,419	\$ 611,702	\$ 1,107,121	\$ 992,473
LIABILITIES				
Current liabilities (Note 3)				
Accounts payable and accrued liabilities	\$ 32,977	\$ -	\$ 32,977	\$ 34,245
Government remittances payable	6,493	-	6,493	5,609
Deferred revenue (Note 5)	43,784	-	43,784	167,410
Mortgage payable (Note 4)	-	114,760	114,760	124,342
	83,254	114,760	198,014	331,606
Deferred revenue (Note 5)	-	194,651	194,651	152,477
	83,254	309,411	392,665	484,083
FUND BALANCES				
Invested in capital assets (Note 6)	-	129,727	129,727	112,274
Internally restricted (Note 1)	80,000	35,000	115,000	115,000
Unrestricted	332,165	137,564	469,729	281,116
	412,165	302,291	714,456	508,390
	\$ 495,419	\$ 611,702	\$ 1,107,121	\$ 992,473

Approved by the Board:

..... Director Director

COMMUNITY CARE OF WEST NIAGARA

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 206,066	\$ 119,293
Items not affecting cash		
Amortization of capital grants	(16,466)	(19,334)
Depreciation	28,185	32,618
	217,785	132,577
Changes in non-cash operating assets and liabilities		
Harmonized Sales Tax recoverable	(12,710)	1,765
Prepaid expenses	(1,191)	-
Accounts payable and accrued liabilities	(1,268)	7,854
Government remittances payable	884	(3,936)
Deferred revenue	(64,986)	81,516
	138,514	219,776
INVESTING ACTIVITIES		
Interest on term deposits reinvested	(10,555)	(6,971)
Purchase of term deposits	-	(100,000)
Redemption of term deposits	174,835	-
Purchase of property and equipment	(78,230)	(8,589)
	86,050	(115,560)
FINANCING ACTIVITIES		
Repayments of mortgage payable	(9,582)	(9,018)
Proceeds from deferred capital grants	-	59,838
	(9,582)	50,820
INCREASE IN CASH	214,982	155,036
CASH, BEGINNING OF YEAR	287,556	132,520
CASH, END OF YEAR	\$ 502,538	\$ 287,556

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 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. 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, 2021

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 year. 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 impairment of long lived assets, determination of useful lives of property and equipment, and allowances for accounts receivable.

Financial instruments

(a) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributed to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of revenues and expenses.

Financial assets measured at amortized cost include cash and Harmonized Sales Tax recoverable.

Financial assets measured at fair value include term deposits.

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

(b) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of revenues and expenses. The write-down reflects the difference between the carrying amount and the higher of:

- (a) the present value of the cash flows expected to be generated by the asset or group of assets;
- (b) the amount that could be realized by selling the asset or group of assets;
- (c) the net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of revenues and expenses up to the amount of the previously recognized impairment.

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

2. PROPERTY AND EQUIPMENT

	Annual Depreciation Rates	2021		2020	
		Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	-	\$ 44,000	\$ -	\$ 44,000	\$ -
Building	5%	473,057	211,951	473,057	198,209
Building under construction	-	90,092	-	19,915	-
Freezer and cooler	20%	24,718	16,175	24,718	14,039
Furniture and equipment	20%	59,169	51,137	55,853	49,544
Computer equipment	30%	9,180	4,048	4,443	2,863
Vehicle	30%	53,382	31,149	53,382	21,620
Signs	35%	6,590	6,590	6,590	6,590
Computer software	100%	6,111	6,111	6,111	6,111
		\$ 766,299	327,161	\$ 688,069	298,976
Net book value			\$ 439,138		\$ 389,093

No depreciation has been recorded on the building under construction as it is not yet complete and available for use.

3. BANK INDEBTEDNESS

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, 2021, this line of credit has not been drawn upon.

4. MORTGAGE PAYABLE

	2021	2020
Meridian Credit Union - payable in monthly principal instalments of \$971 plus interest at prime + 1.65%, open term, 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 \$395,198, and an assignment of fire insurance	\$ 114,760	\$ 124,342

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

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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>
Brushed Aside	\$ 6,417	\$ 3,252	\$ 3,928	\$ 5,741
Emergency Community Support Fund	45,000	8,500	53,500	-
Feeding Possibilities	-	11,000	-	11,000
Food Banks Canada - COVID-19	15,147	8,617	23,150	614
Niagara Region COVID-19	-	24,800	14,186	10,614
Niagara Housing Stability Service	7,371	39,756	46,524	603
Niagara Community Foundation	20,000	-	20,000	-
Ontario Association of Food Banks	-	15,000	-	15,000
Ontario Trillium Foundation	8,135	-	8,135	-
Other	1,700	9,617	11,105	212
United Way Food Rescue	5,000	-	5,000	-
	\$ 108,770	\$ 120,542	\$ 185,528	\$ 43,784

Short-term capital fund deferred revenue represented grant subsidies received to be used for capital projects. During the year, the Organization spent \$58,640 (2020 - \$7,729) on capital projects which was transferred to long-term capital fund deferred revenue.

Long-term capital fund deferred revenue represents grant subsidies received which were used for renovations to the building and for the purchase of property and equipment. As the assets were capitalized, the proceeds from the subsidies are being recognized over the life of the capitalized assets in accordance with depreciation taken.

	Annual Amortization Rates	<u>2021</u>		<u>2020</u>	
		Capital Grants	Accumulated Amortization	Capital Grants	Accumulated Amortization
Building	5%	\$ 160,313	\$ 76,094	\$ 160,313	\$ 71,661
Building renovation	-	75,984	-	19,915	-
Freezer and cooler	20%	24,718	16,175	24,718	14,039
Furniture and equipment	20%	11,516	6,564	8,945	5,647
Vehicle	30%	50,308	29,355	50,308	20,375
		\$ 322,839	128,188	\$ 264,199	111,722
Net book value			\$ 194,651		\$ 152,477

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

6. INVESTED IN CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Balance consists of:		
Property and equipment, at net book value	\$ 439,138	\$ 389,093
Long-term deferred revenue, at net book value	(194,651)	(152,477)
Mortgage payable	(114,760)	(124,342)
	\$ 129,727	\$ 112,274

7. INTERFUND TRANSFER

During the year, the Organization's Board of Directors approved a transfer of \$155,446 from the operating fund to the capital fund. Of this amount, \$44,446 represents the net transfer for the payment of mortgage payments and capital asset additions with the remaining \$111,000 being a one time transfer to fund future building renovations.

8. 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 as its mortgage payable has a floating interest rate and therefore 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.

COMMUNITY CARE OF WEST NIAGARA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

9. SOURCES OF CONTRIBUTIONS

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

	<u>2021</u>	<u>2020</u>
Individuals	\$ 246,524	\$ 124,767
Corporations	140,330	162,048
Community groups, churches and other charities	73,933	36,644
	\$ 460,787	\$ 323,459
Balance consists of:		
Revenue - Donations	\$ 433,793	\$ 291,311
Revenue - Fundraising	26,994	32,148
	\$ 460,787	\$ 323,459

10. IMPACT OF COVID-19 PANDEMIC

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Organization has determined that adjustments to the financial statements are not required as a result of these events. Accordingly, the financial position and results of operations as of and for the year ended June 30, 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, 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, 2021

DIRECT PROGRAMS	<u>2021</u>	<u>2020</u>
Back to school	\$ -	\$ 322
Bottle sorting	5,558	4,195
Brushed Aside	3,630	5,375
Christmas centre	717	472
COVID 19	19,205	-
Emergency	12,189	6,368
Food	31,224	15,320
Fresh Garden and Grow	-	1,365
Legacy Program	1,840	1,474
Niagara Housing Stability Service	41,632	37,990
Niagara Community Foundation	10,731	-
Ontario Trillium Foundation	13,873	121
Second Harvest Food Rescue	-	40,769
Vulnerable Seniors Outreach	-	11,125
	\$ 140,599	\$ 124,896

OCCUPANCY AND ADMINISTRATIVE	<u>2021</u>	<u>2020</u>
Advertising and promotion	\$ 10,366	\$ 5,181
Bank charges	3,948	2,785
Bookkeeping	13,212	11,757
Insurance	8,431	7,713
Legal and audit	16,178	10,941
Maintenance and repairs	21,652	11,623
Office supplies and miscellaneous	12,529	10,139
Rent	11,851	-
Seminars and meetings	2,360	1,060
Telephone	2,885	2,315
Travel and vehicle	3,066	4,941
Utilities	13,416	13,791
Wages and benefits	229,340	174,022
	\$ 349,234	\$ 256,268