

**Crouch Neighbourhood Resource Centre**

Financial Statements

Year ended December 31, 2023



## Independent Auditor's Report

To the Directors of Crouch Neighbourhood Resource Centre

### Qualified Opinion

We have audited the financial statements of Crouch Neighbourhood Resource Centre ("the Centre"), which comprise the Statement of Financial Position as at December 31, 2023, and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 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 charitable organizations, the Centre 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 Centre. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, net revenue, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets for the years then ended. Our audit opinion on the financial statements was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the Centre's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



London, Ontario  
May 24, 2024

**Chartered Professional Accountants  
Licensed Public Accountants**


**Crouch Neighbourhood Resource Centre**  
Statement of Financial Position as at December 31, 2023

	2023	2022
<b>Assets</b>		
Current		
Cash	\$ 192,691	\$ 127,284
Guaranteed investment certificate, at market	115,828	112,619
Accounts receivable	38,696	34,670
Government remittances receivable	10,246	10,065
Prepaid expenses	20,723	22,559
	378,184	307,197
Capital assets (Note 2)	3,380	-
	\$ 381,564	\$ 307,197
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 30,633	\$ 33,971
Deferred contributions (Note 4)	106,959	62,762
	137,592	96,733
<b>Net assets</b>		
Internally restricted (Note 5)	100,000	100,000
Unrestricted	143,972	110,464
	243,972	210,464
	\$ 381,564	\$ 307,197

Approved by the Directors:

  
\_\_\_\_\_

Director

  
\_\_\_\_\_

Director

## Crouch Neighbourhood Resource Centre

### Statement of Changes in Net Assets

Year ended December 31, 2023

	Internally Restricted	Unrestricted	2023	2022
Balance, beginning of year	\$ 100,000	\$ 110,464	\$ 210,464	\$ 205,386
Net revenue	-	33,508	33,508	5,078
Balance, end of year	\$ 100,000	\$ 143,972	\$ 243,972	\$ 210,464

## Crouch Neighbourhood Resource Centre

Statement of Operations  
Year ended December 31, 2023

	2023	%	2022	%
<b>Revenue</b>				
Foundations	\$ 320,328	43.3	\$ 225,130	35.5
United Way	151,504	20.5	181,586	28.6
City of London	120,900	16.4	104,500	16.5
Human Resources Development Canada	48,413	6.6	72,504	11.4
Ministry of Tourism, Culture and Sport	48,000	6.5	28,800	4.5
Donations	22,563	3.1	15,805	2.5
Fundraising and other	16,452	2.2	5,626	0.9
Gifts in kind (Note 8)	10,940	1.5	1,100	0.2
	<u>739,100</u>	<u>100.0</u>	<u>635,051</u>	<u>100.0</u>
<b>Expenses</b>				
Wages and benefits	378,463	51.2	366,165	57.7
Program supplies	222,351	30.1	212,238	33.4
Professional fees	62,390	8.4	39,700	6.3
Rent (Note 8)	13,390	1.8	1,700	0.3
Bookkeeping services	9,600	1.3	12,757	2.0
Communications	7,323	1.0	7,208	1.1
Insurance	6,624	0.9	6,088	1.0
Training	5,075	0.7	2,918	0.5
Amortization	376	0.1	-	0.0
Copier	-	0.0	1,430	0.2
	<u>705,592</u>	<u>95.5</u>	<u>650,204</u>	<u>102.4</u>
Net revenue (expense) from operations	33,508	4.5	(15,153)	(2.4)
Government assistance	-	0.0	20,231	3.2
Net revenue	<u>\$ 33,508</u>	<u>4.5</u>	<u>\$ 5,078</u>	<u>0.8</u>

# Crouch Neighbourhood Resource Centre

Statement of Cash Flows

Year ended December 31, 2023

	2023	2022
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net revenue	\$ 33,508	\$ 5,078
Add (deduct) non-cash items:		
Amortization	376	-
Change in non-cash working capital items:		
Amounts receivable	(4,026)	(6,098)
Prepaid expenses	1,836	(16,110)
Government remittances receivable	(181)	420
Accounts payable and accrued liabilities	(3,338)	6,382
Deferred contributions	44,197	(13,576)
	<u>72,372</u>	<u>(23,904)</u>
<b>Investing activities</b>		
Acquisition of capital assets		
Equipment	(3,756)	-
Increase of guaranteed investment certificate	(3,209)	(59,610)
	<u>(6,965)</u>	<u>(59,610)</u>
Decrease (increase) in cash	65,407	(83,514)
Cash, beginning of year	127,284	210,798
Cash, end of year	\$ 192,691	\$ 127,284

# Crouch Neighbourhood Resource Centre

Notes to Financial Statements  
December 31, 2023

---

## Nature of Organization

Crouch Neighbourhood Resource Centre ("the Centre") is incorporated in Ontario without share capital. The Centre is committed to providing support services to residents in need in the Hamilton Road area of London, Ontario.

The Centre qualifies as a registered charity within the meaning of Section 149(1)(f) of the Income Tax Act, and as such, is exempt from income taxes.

## 1. Significant Accounting Policies

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

### Revenue Recognition

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or on the basis which coincides with the funding agencies' terms of payment. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collections is reasonably assured. Investment revenues are recognized as revenue when earned.

### Contributed Services

Volunteers contribute many hours each year to assist the Centre in carrying out its activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

### Capital Assets

Capital assets are recorded at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates, with one-half the rate in the year of acquisition.

Computers	3 years
Equipment	5 years

### Allocated Expenses

The Centre allocates its various administrative expenses to its different programs on a cost recovery basis. Where the cost is undeterminable, the Centre allocates the expenses in proportion to the program's aggregate core funding.

### Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand, balances with banks and guaranteed investment certificates.



# Crouch Neighbourhood Resource Centre

Notes to Financial Statements  
December 31, 2023

---

## 1. Significant Accounting Policies (continued)

### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates include useful lives of capital assets, program expense allocations, amortization methods, allowance for doubtful accounts, gifts in kind, and deferred revenues. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net revenue (expense) in the period in which they become known.

### Financial Instruments

Measurement of financial instruments:

The Centre initially measures its financial assets and financial liabilities at fair value. The Centre subsequently measures all its financial assets and financial liabilities at 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 net revenue (expense).

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in net revenue (expense).

Transaction costs:

The Centre recognizes its transaction costs in net revenue (expense) 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.

## 2. Capital Assets

	Cost	Accumulated Amortization	Net	
			2023	2022
Equipment	\$ 3,756	\$ 376	\$ 3,380	\$ -
Computers	3,066	3,066	-	-
	<u>\$ 6,822</u>	<u>\$ 3,442</u>	<u>\$ 3,380</u>	<u>\$ -</u>

## 3. Premises

Premises used by the Centre to conduct its programs have been generously donated by the City of London. There is no formal contractual arrangement for these premises.

# Crouch Neighbourhood Resource Centre

Notes to Financial Statements  
December 31, 2023

---

## 4. Deferred Contributions

Deferred contributions represent unspent resources for specific programs as follows:

	2023	2022
William Fithern - food	\$ 30,000	\$ -
Community Services Recovery Fund	27,573	-
United Way	17,197	6,757
Libro Credit Union Food Cupboard	13,289	6,112
Other restricted donations	10,000	3,000
Aqueduct Foundation	8,000	-
Westminster College Fund Crafty Connection	900	-
Ontario Trillium Foundation Resilient Communities	-	8,529
Healthy Community program	-	16,184
Canadian Red Cross Society - Strengthening Community Capacity	-	22,180
	<u>\$ 106,959</u>	<u>\$ 62,762</u>

## 5. Internally Restricted Net Assets

In 2015, the Board of Directors approved establishing an internal restriction of net assets for the purpose of funding future spacing needs for the Centre as well as establishing a three month reserve to support operations during wind-down should the Board of Directors determine that the operations of the Centre are no longer viable. Annually, the Board of Directors can increase these internally restricted net assets by up to 80% of any excess of revenues over expenses. These restricted funds are only accessible by Board of Directors' approval, in whole or in part.

## 6. Financial's Instruments Risk Management

Transactions in financial instruments may result in financial risks being assumed by the Centre or transferring to another party. The risks identified by the Centre are as follows:

### 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 Centre's investments include a guaranteed investment certificate at a fixed interest rate. Accordingly the Centre is exposed to interest rate risk resulting in changes to future interest rates earned on this investment.

The Centre is not exposed to significant credit, currency, liquidity or market risk.

There have been no significant changes in the nature, extent or concentration of the risk exposures from the prior year.

# Crouch Neighbourhood Resource Centre

Notes to Financial Statements  
December 31, 2023

---

## 7. City of London Grant - Special Purpose Statement

Included in the Revenue - City of London is \$120,900 the Centre received under the Funded Activity Budget dated March 9, 2020 for the year ending December 31, 2023. Under Schedule B of the Budget, this funding was stipulated for staff wages for the Community Development, Opening Doors, and Youth programs. An accrued liability provision is required when programs have revenues in excess of expenses for the year. The Community Development, Opening Doors and Youth program wages exceeded the funding received from the City of London under the Funded Activity Budget resulting in no repayment requirement.

## 8. Gifts in Kind

During the year the Centre received the following, recorded at fair market value:

	2023	2022
City of London - facility rental	\$ 10,940	\$ -
Other - gift cards	-	1,100
Total gifts in kind	<u>\$ 10,940</u>	<u>\$ 1,100</u>

The Centre distributed all funds by December 31, 2023.

## 9. Credit Facility

The Centre has a VISA credit facility through Libro Credit Union to a maximum of \$15,000. The credit facility bears interest at 19.99% per annum and the year-end balance owing of \$6,602 (2022 - \$14,991) is included in accounts payable and accrued liabilities. The credit facility is unsecured.