

ANCASTER COMMUNITY SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ancaster Community Services

Qualified Opinion

We have audited the financial statements of Ancaster Community Services (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Organization as of March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from cash donations and program fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, current assets and unrestricted net assets. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effect of this limitation in scope. It is not practical to quantify the effect on the financial statements.

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 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 ASNPO 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.



BROWNLOW PARTNERS

CHARTERED PROFESSIONAL ACCOUNTANTS

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 the 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.

Ancaster, Ontario
June 14, 2022

Chartered Professional Accountants
Licensed Public Accountant

ANCASTER COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

ASSETS

| | 2022 | 2021 |
|-----------------------------------|------------|------------|
| CURRENT ASSETS | | |
| Cash | \$ 204,854 | \$ 139,599 |
| Accounts receivable | 4,548 | 4,843 |
| Government remittances receivable | 4,889 | 4,077 |
| Inventory | 9,960 | 8,348 |
| | 224,251 | 156,867 |
| INVESTMENTS (note 2) | 367,197 | 289,429 |
| | \$ 591,448 | \$ 446,296 |

LIABILITIES

| | | |
|--|-----------|----------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 11,600 | \$ 6,585 |
| Deferred revenue | 12,203 | 23,026 |
| | 23,803 | 29,611 |

NET ASSETS

| | | |
|-------------------------------|------------|------------|
| UNRESTRICTED GENERAL FUND | 457,645 | 306,685 |
| BOARD DESIGNATED RESERVE FUND | 90,000 | 90,000 |
| EARL MARCY ENDOWMENT FUND | 20,000 | 20,000 |
| | 567,645 | 416,685 |
| | \$ 591,448 | \$ 446,296 |

Approved by the Board

Director

Director

(The accompanying notes form an integral part of these financial statements)

ANCASTER COMMUNITY SERVICES
 STATEMENT OF REVENUES AND EXPENDITURES
 FOR THE YEAR ENDED MARCH 31, 2022

| | 2022 | 2021 |
|--------------------------------------|---------------|---------------|
| <hr/> | | |
| Revenue | | |
| Fundraising | \$ 201,996 | \$ 232,370 |
| Grants | 194,986 | 185,473 |
| Bequest donation | 130,493 | - |
| Programs and other | 66,971 | 120,363 |
| | <hr/> 594,446 | <hr/> 538,206 |
| <hr/> | | |
| Expenditures | | |
| Administration | 44,780 | 86,110 |
| Programs and services | 398,706 | 324,640 |
| | <hr/> 443,486 | <hr/> 410,750 |
| <hr/> | | |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ 150,960 | \$ 127,456 |
| <hr/> <hr/> | | |

ANCASTER COMMUNITY SERVICES
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2022

| | Unrestricted General Fund | Earl Marcy Endowment Fund | Board Designated Reserve Fund | 2022 | 2021 |
|--------------------------------------|------------------------------|---------------------------------|--|-------------------|-------------------|
| NET ASSETS, BEGINNING OF THE YEAR | \$ 306,685 | \$ 20,000 | \$ 90,000 | \$ 416,685 | \$ 289,229 |
| Excess of revenue over expenditures | 150,960 | - | - | 150,960 | 127,456 |
| Internally restricted funds | - | - | - | - | - |
| NET ASSETS, END OF THE YEAR | \$ 457,645 | \$ 20,000 | \$ 90,000 | \$ 567,645 | \$ 416,685 |

(The accompanying notes form an integral part of these financial statements)

ANCASTER COMMUNITY SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

| | 2022 | 2021 |
|---|------------|------------|
| <hr/> | | |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures for the year | \$ 150,960 | \$ 127,456 |
| <hr/> | | |
| Net changes in working capital balances | | |
| - accounts receivable | 295 | 2,679 |
| - government remittances receivable | (812) | (463) |
| - inventory | (1,612) | 274 |
| - prepaid expenses | - | 1,000 |
| - accounts payable and accrued liabilities | 5,015 | 71 |
| - deferred revenue | (10,823) | 8,026 |
| | <hr/> | <hr/> |
| | (7,937) | 11,587 |
| | <hr/> | <hr/> |
| | 143,023 | 139,043 |
| <hr/> | | |
| INVESTING ACTIVITY | | |
| Increase in investments | (77,768) | (80,036) |
| <hr/> | | |
| INCREASE IN CASH DURING THE YEAR | 65,255 | 59,007 |
| <hr/> | | |
| CASH AT BEGINNING OF THE YEAR | 139,599 | 80,592 |
| <hr/> | | |
| CASH AT END OF THE YEAR | \$ 204,854 | \$ 139,599 |
| <hr/> <hr/> | | |

(The accompanying notes form an integral part of these financial statements)

ANCASTER COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Purpose of Organization

Ancaster Community Services (the "Organization") is a registered charity that links members of the Ancaster community to services, information and volunteer opportunities that enhance the quality of life and the overall well being of the community. Ancaster Community Services is incorporated under the Canada Corporations Act as a Not-for-Profit Organization and is a Registered Charity under the Income Tax Act.

(b) Basis of Presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

(c) Inventory

Inventory, consisting of gift cards and food vouchers, is valued at the lower of cost and replacement cost, the cost being determined using the specific identification method.

(d) Capital Assets

All capital assets are charged to expense in the year of acquisition. During the year, the Organization purchased nil (2021: \$10,914) in capital expenditures. The major categories of capital assets include computers, furniture and equipment.

(e) General Fund

The General Fund is used for the day-to-day operations of the Organization.

(f) Board Designated Reserve Fund

The Board Designated Reserve Fund is used to create an internal line of credit to manage cash flows and maintain financial flexibility, to enable the Organization to sustain operations through delays in payment of committed funding or to cover a period of time to obtain alternate funding, and to pay for on-time, non-recurring expenses to build capacity.

(g) Earl Marcy Endowment Fund

The Earl Marcy Endowment Fund is to be used only in the event that the Organization would be required to shut down operations permanently due to financial difficulties and pay all debts and outstanding balances.

(h) Revenue Recognition

The Organization follows the deferral method of accounting for recognizing contributions. Fundraising and grant revenue are recognized in the year in which the related expenses are incurred. Fundraising and grant revenue received for expenses to be incurred in future periods are recognized as deferred revenue. Programs and other revenue is recognized when earned.

(i) Contributed Materials

The Organization receives donations of food, toiletries and gift items. Due to the difficulty of determining their fair value and the impracticality of record-keeping, contributed materials are not recognized in the financial statements.

ANCASTER COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Contributed Services

Volunteers assist the Organization in carrying out its programs. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(k) Government Assistance

Government assistance is recognized when the Company has complied with the terms and conditions of the approved assistance program or applicable tax legislation. During the year, the Company received nil (2021: \$55,806) in the form of Canada Emergency Wage Subsidy, which is recorded in programs and other revenue.

(l) Use of Estimates

The preparation of financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

(m) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Investments are recorded at cost plus accrued interest. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization has not designated any financial asset or financial liability to be measured at fair value.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. 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 net income.

ANCASTER COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

2. INVESTMENTS

| | 2022 | 2021 |
|---|------------|------------|
| GIC, annual interest rate of 2.40%, matures June 11, 2021 | \$ - | \$ 36,103 |
| GIC, annual interest rate of 1.15%, matures October 3, 2021 | - | 10,308 |
| GIC, annual interest rate of 1.15%, matures October 3, 2021 | - | 10,308 |
| GIC, annual interest rate of 2.85%, matures July 1, 2022 | 40,418 | 39,297 |
| GIC, annual interest rate of 2.85%, matures July 10, 2022 | 40,853 | 39,721 |
| GIC, annual interest rate of 1.20%, matures November 9, 2023 | 43,162 | 42,650 |
| GIC, annual interest rate of 1.20%, matures December 11, 2023 | 36,350 | 35,919 |
| GIC, annual interest rate of 0.80%, matures January 15, 2026 | 75,724 | 75,123 |
| GIC, annual interest rate of 1.70%, matures January 15, 2022 | 130,690 | |
| | \$ 367,197 | \$ 289,429 |

It is the Organization's intention to reinvest all funds upon maturity. As such, all GIC's have been presented as long term investments.

3. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2022.

(a) 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. This risk has not changed from the prior year.

(b) 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's main credit risks relate to its accounts receivable. This risk has not changed from the prior year.

(c) 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 mainly exposed to interest rate risk. This risk has not changed from the prior year.

(i) 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 rate investments, which subject the Organization to a fair value risk.