

FINANCIAL STATEMENTS

NEIGHBOURLINK NORTH YORK

DECEMBER 31, 2020

NEIGHBOURLINK NORTH YORK
December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Neighbourlink North York

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Neighbourlink North York as at December 31, 2020, 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.

What we have audited

The Organization's financial statements comprise:

- the Statement of Financial Position as at December 31, 2020;
- the Statement of Operations and Changes in Net Assets for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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 Neighbourlink North York 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 relating 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.

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 auditing standards for not-for-profit organizations 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 auditing standards for not-for-profit organizations, we exercise professional judgement 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.



Mississauga, Ontario
April 25, 2021

Authorized to practice public accounting
by CPA Ontario

NEIGHBOURLINK NORTH YORK

**Statement of Financial Position
As at December 31, 2020**

	<u>2020</u>	<u>2019</u> (Unaudited)
ASSETS		
Current:		
Cash and cash equivalents	\$ 92,556	\$ 4,390
GST/HST public service bodies' rebates (Note 3)	1,168	1,014
Prepays and sundry assets	<u>1,657</u>	<u>-</u>
	\$ <u>95,381</u>	\$ <u>5,404</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 4)	\$ 3,000	\$ 2,320
Deferred revenue (Note 5)	<u>73,500</u>	<u>-</u>
	<u>76,500</u>	<u>2,320</u>
NET ASSETS		
Unrestricted net assets	<u>18,881</u>	<u>3,084</u>
	\$ <u>95,381</u>	\$ <u>5,404</u>

Approved on Behalf of the Board:

Beth Little Director

Doug McDougall Director

NEIGHBOURLINK NORTH YORK
Statement of Operations
For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u> (Unaudited)
Revenue:		
General donations (Note 6)	\$ 14,679	\$ 19,975
Donations from faith based organizations	15,118	4,734
Donation through Canada Helps (Note 6)	<u>6,802</u>	<u>14,477</u>
	<u>36,599</u>	<u>39,186</u>
Expenses:		
Programs	12,965	20,590
Bank charges	90	358
Business registration	349	-
Insurance	2,549	-
Non-recoverable portion of HST	555	-
Office and general	1,294	1,915
Professional fees	3,000	-
Salaries and wages	<u>-</u>	<u>13,612</u>
	<u>20,802</u>	<u>36,475</u>
Excess of revenue over expenses	\$ <u>15,797</u>	\$ <u>2,711</u>

NEIGHBOURLINK NORTH YORK
Statement of Changes in Net Assets
For the Year Ended December 31, 2020

	Operating Fund Unrestricted	Funds Internally restricted	Total 2020	Total 2019 (Unaudited)
Balance - beginning of year	3,084	-	3,084	374
Excess of revenue over expenses	15,797	-	15,797	2,711
Inter-funds transfer	-	-	-	-
Balance - end of year	18,881	-	18,881	3,085

NEIGHBOURLINK NORTH YORK

**Statement of Cash Flows
December 31, 2020**

	<u>2020</u>	<u>2019</u> (Unaudited)
Cash Provided by Operating Activities		
Excess of revenue over expenses	\$ <u>15,797</u>	\$ <u>2,711</u>
Changes in Non-Cash Working Capital		
Prepays and sundry assets	(1,657)	-
Accounts payable and other liabilities	526	793
Deferred revenue	<u>73,500</u>	<u>(10,946)</u>
	<u>72,369</u>	<u>(10,153)</u>
Net Increase in Cash and Cash Equivalents	88,166	(7,442)
Cash and Cash Equivalents, beginning of year	<u>4,390</u>	<u>11,832</u>
Cash and Cash Equivalents, end of year	<u>\$ 92,556</u>	<u>\$ 4,390</u>

NEIGHBOURLINK NORTH YORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

1 Nature of Business

Neighbourlink North York ("Neighbourlink") is a non-profit corporation under the Canada Not-for-Profit Corporations Act and is a registered charity under the Income Tax Act (Canada). As a registered charity under the Income Tax Act, Neighbourlink may issue tax receipts for charitable donations.

Neighbourlink's purpose is to engage and empower neighbours to care for each other in practical, relational and sustainable ways that give everyone the opportunity to live out their potential. As a locally based Christian community development organization, Neighbourlink believe transformation happens when everyone works together as neighbours to address the gaps and needs around us, including poverty and social isolation.

2 Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Canadian Accounting Standards for not-for-profit organizations, which include the significant accounting policies described hereafter.

(a) Fund accounting

The organization maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

The Operating Fund reports the general operating activities of the organization, the allocation of fund balances for internally and externally restricted purposes, and the activities of donors designated endowment funds.

General Fund

The General Fund consists of unrestricted contributions and other revenue and related expenditures pertaining to the operations of the Organization.

Restricted Fund

The Restricted Fund consists of amounts designated by donors to assist in specific programs. Such programs include, but are not limited to, establishing and expanding specific programs, acquisition of equipment and other assets.

(b) Revenue recognition

The Organization follows the restricted fund method of accounting for contributions.

All donations and grants which are externally restricted by the donor with an associated restricted fund are recorded in the appropriate restricted fund in the year received. Externally restricted offerings and deposits to the General Fund are recorded as deferred revenue and subsequently recognized as revenue as the related expenses are incurred.

NEIGHBOURLINK NORTH YORK
NOTES TO THE FINANCIAL STATEMENTS
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Unrestricted donations and grants are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Allocation of expenses

Neighbourlink records a number of its expenses by function. Expenses are recorded as incurred by the Organization.

(d) Measurement of financial instruments

Neighbourlink initially measures its financial assets and liabilities at fair value. Neighbourlink subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost includes cash and cash equivalents, restricted cash and accounts receivable. Financial liabilities are measured at the amortized cost including bank indebtedness, accounts payable and accrued liabilities and loan payable.

(e) Impairment of financial instruments

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the impairment is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the impairment, 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.

(f) Use of estimates

The preparation of financial statement is in conformity with Canadian Accounting Standards for not-for-profit organization requires management to make estimates, assumptions and judgements that affect the application of accounting policies and reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the preparing the financial statements, and the reported amounts of revenue and expenses during the reporting periods. The main judgement included in these financial statements is the useful life of property, plant and equipment, allowance for doubtful account receivables and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

3 GST/HST public service bodies' rebates

To the extent at year end that HST is recoverable, that amount is recognized as a HST recoverable. Unrecoverable portion of the sales tax paid are expensed in the current year.

NEIGHBOURLINK NORTH YORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

4 Accounts Payable and Accrued Liabilities

Accounts payable is related to current year expenditures and paid after the year end.

5 Deferred Grant Revenue

Neighbourlink received \$73,500 provincial grant in December 2020. The grant is aimed at allowing Neighbourlink to build the structure needed to service families who need support for COVID relief.

Neighbourlink has planned out use of the grant for the following two purposes in the upcoming year in 2021.

- Building service infrastructure
- Providing direct relief for families hurt by the COVID pandemic

6 Donations

Neighbourlink receives donations from individual donors directly, or via Canada Helps. Donations received from individuals and Canada Helps are used towards the organization's Christmas initiative to provide a food basket to families.

Neighbourlink also receives donations from local churches, companies or individuals for general Initiatives.

7 Financial Instruments and Risk Management

Neighbourlink is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentrations on December 31, 2020.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Organization.

Neighbourlink's do not carry receivable. The Organization is not exposed to high credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value of an interest bearing financial instrument will fluctuate due to changes in market interest rates. Interest rate cash flow risk is the risk that the cash flows of the Organization will fluctuate due to changes in market interest rates.

As the Organization does not have interest bearing debt or investments, the Organization is not exposed to interest rate risk.

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Liquidity Risk

Liquidity risk is the risk that Neighbourlink will encounter difficulty in meeting obligations associated with the settlement of its financial liabilities. Neighbourlink manages liquidity risk by maintaining sufficient cash on hand to settle obligations as they arise.

8 Impact on COVID-19

In mid-March 2020, the Province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Organization's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Organization's operations, assets, liabilities, revenues and expenses is not yet known.

As more people need help during this difficult time, Neighbourlink is expecting higher program expenditures in the upcoming year.

9 Comparative Figures

Comparative figures are re-arranged and re-grouped where necessary. Prior year figures were unaudited.

Signature Certificate

Document Ref.: QNZ8W-AMHGK-ABGGG-AHKSS

Document signed by:

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Document completed by all parties on:
28 Apr 2021 14:12:26 UTC

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