

February 20, 2022

NEIGHBOURLINK NORTH YORK
89 CENTRE AVENUE
North York

Dear Board of Directors:

Re: Management letter for Audit Findings

We have been engaged to audit the financial statements of NEIGHBOURLINK NORTH YORK (“NEIGHBOURLINK”) for the year ending December 31, 2021. Canadian generally accepted standards for audit engagements require that we communicate the following information with you in relation to your audit.

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. This includes the design and maintenance of accounting records, recording transactions, selecting and applying accounting policies, safeguarding of assets and preventing and detecting fraud and error.

Our Responsibility as Auditors

As stated in the engagement letter, our responsibility as auditors of your organization is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the organization in accordance with Accounting Standards for Not-for-Profit Organizations (ASNPO). An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the consolidated financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.

Our audit includes:

- An assessment of risk that the financial statements may contain misstatements; and
- An examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken. During the course of our audit, there are no control deficiencies noted.

Significant Accounting Principles

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application of such policies as part of our audit. The accounting policies used by NEIGHBOURLINK are described in Note 1 - Summary of Significant Accounting Policies, in the financial statements. There were no new changes of accounting policy during the year.

Significant Unusual Transactions

Nothing has come to our attention that would suggest any significant unusual transactions that would have a material effect on the financial statements

Accounting Estimates Management

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify:

- The calculation of accounting estimates;
- The analysis of key factors such as underlying management assumptions;
- The materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- The estimate's sensitivity to variation and deviation from historical patterns;
- The estimate's consistency with the entity's business plans; and
- Other audit evidence.

As normal audit procedure, we have discussed the following accounting estimate with the management

- Accrued liabilities
- Amortization and depreciation of capital assets
- Deferred revenue for grant received or receivable
- Salary and other administrative expenses allocated to Program expenditures

We did not encounter any problems with management's estimates during the course of our audit.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the Regional District's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Issues Discussed

There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business. The followings have been discussed with you during the audit.

Payroll remittance

During our audit, we have noticed that payroll remittance recorded on CRA is mismatched with what has been recorded in Neighbourlink. That is primarily due to the 2 payroll accounts opened on CRA's end and timing of recording is different. We recommend to follow up the discrepancy with CRA as soon as possible

Budget procedure

Neighbourlink is a Registered Charity. Donation and other source funding are important to the organization. Good budget can help the organization better manage the cash flow and receive grants from government and other charities. We recommend organization have annual budget and budget review by the board.

Sincerely yours,



CHANG & ASSOCIATES PROFESSIONAL CORPORATION

FINANCIAL STATEMENTS

NEIGHBOURLINK NORTH YORK

DECEMBER 31, 2021

NEIGHBOURLINK NORTH YORK
December 31, 2021

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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, 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.

What we have audited:

The Organization's financial statements comprise:

- the Statement of Financial Position as at December 31, 2021;
- 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
March 3, 2022

Authorized to practice public accounting
by CPA Ontario

NEIGHBOURLINK NORTH YORK

Statement of Financial Position
As at December 31, 2021

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash and cash equivalents | \$ 82,018 | \$ 92,556 |
| Grant receivable (Note 4) | 21,979 | - |
| GST/HST public service bodies' rebates (Note 3) | 1,476 | 1,168 |
| Prepays and sundry assets | <u>1,657</u> | <u>1,657</u> |
| | <u>107,130</u> | <u>95,381</u> |
| Capital: | | |
| Furniture, fixture and equipment (Note 5) | <u>1,599</u> | <u>-</u> |
| | <u>\$ 108,729</u> | <u>\$ 95,381</u> |
| LIABILITIES | | |
| Current: | | |
| Accounts payable and accrued liabilities | \$ 1,500 | \$ 3,000 |
| Deferred revenue | <u>-</u> | <u>73,500</u> |
| | <u>1,500</u> | <u>76,500</u> |
| NET ASSETS | | |
| Unrestricted net assets | <u>107,229</u> | <u>18,881</u> |
| | <u>\$ 108,729</u> | <u>\$ 95,381</u> |

Approved on Behalf of the Board:

Sally Lee

Director

Doug McDougall

Treasurer

NEIGHBOURLINK NORTH YORK
Statement of Operations
For the Year Ended December 31, 2021

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| Revenue: | | |
| Donations (Note 7) | \$ 133,284 | \$ 36,599 |
| Grants (Note 6) | 170,530 | - |
| Fundraising sales | <u>11,634</u> | <u>-</u> |
| | <u>315,448</u> | <u>36,599</u> |
| Expenses: | | |
| Programs (Note 8) | 209,120 | 13,013 |
| Bank charges | 467 | 90 |
| Insurance | 1,687 | 2,549 |
| Non-recoverable portion of HST | 1,032 | 555 |
| Office and general | 1,697 | 1,595 |
| Professional fees | 3,000 | 3,000 |
| Aministrative salaries and wages | <u>9,697</u> | <u>-</u> |
| | <u>226,700</u> | <u>20,802</u> |
| Excess of revenue over expenses before the following: | 88,748 | 15,797 |
| Depreciation | <u>400</u> | <u>-</u> |
| Excess of revenue over expenses | <u>\$ 88,348</u> | <u>\$ 15,797</u> |

NEIGHBOURLINK NORTH YORK
Statement of Changes in Net Assets
For the Year Ended December 31, 2021

| | Operating Fund Unrestricted | Funds Internally restricted | Total 2021 | Total 2020 |
|---------------------------------|--|--|-----------------------|-----------------------|
| Balance - beginning of year | 18,881 | - | 18,881 | 3,084 |
| Excess of revenue over expenses | 88,348 | - | 88,348 | 15,797 |
| Inter-funds transfer | - | - | - | - |
| Balance - end of year | 107,229 | - | 107,229 | 18,881 |

NEIGHBOURLINK NORTH YORK**Statement of Cash Flows
December 31, 2021**

| | <u>2021</u> | <u>2020</u> |
|---|------------------|------------------|
| Cash Provided by Operating Activities | | |
| Excess of revenue over expenses | \$ 88,348 | \$ 15,797 |
| Items not requiring an outlay of cash: | | |
| Amortization | <u>400</u> | <u>-</u> |
| | <u>88,748</u> | <u>15,797</u> |
| Changes in Non-Cash Working Capital | | |
| Prepays and sundry assets | - | (1,657) |
| Grant receivable | (21,979) | - |
| Accounts payable and other liabilities | (1,808) | 526 |
| Deferred revenue | <u>(73,500)</u> | <u>73,500</u> |
| | <u>(97,287)</u> | <u>72,369</u> |
| Cash Flows From Investing Activities | | |
| Furniture and equipment | <u>(1,999)</u> | <u>-</u> |
| Net Increase in Cash and Cash Equivalents | (10,538) | 88,166 |
| Cash and Cash Equivalents, beginning of year | <u>92,556</u> | <u>4,390</u> |
| Cash and Cash Equivalents, end of year | <u>\$ 82,018</u> | <u>\$ 92,556</u> |

NEIGHBOURLINK NORTH YORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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 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
December 31, 2021

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) Capital assets and depreciation

Property plant and equipment are measured at cost less accumulated depreciation. Depreciation expense is recognized at the following bases and annual rates, which are expected to depreciate the net cost of these assets over their estimated useful lives:

| | |
|----------------------------------|-----------------------|
| Computer | 30% declining balance |
| Furniture, fixture and equipment | 20% declining balance |

(e) 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 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.

(f) 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.

(g) 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.

NEIGHBOURLINK NORTH YORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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.

4 Grant receivable

\$21,979 of grant receivable represents remaining funding from the Government of Canada for Canada Summer Jobs in 2021. The amount was received after the year end. Neighbourlink hired 12 students during the year for various charity programs.

5 Capital assets

| | <u>Cost</u> | <u>Addition</u> | <u>Accumulated amortization</u> | <u>Net 2021</u> |
|----------------------------------|-------------|-----------------|-------------------------------------|---------------------|
| Furniture, fixture and equipment | \$ <u>-</u> | \$ <u>1,999</u> | \$ <u>400</u> | \$ <u>1,599</u> |

6 Grants

The amount represents the following recognized grant revenue for the year:

- \$73,500 Government of Ontario grant received in December 2020 for families who need support for COVID relief.
- \$67,630 Government of Canada grant for summer jobs.
- \$10,400 from Arthur and Audrey Cutten Foundation for general purpose of charitable activities.
- \$19,000 from Second Harvest for the Organization's food program.

7 Donations

Neighbourlink receives donations from individual donors, local churches, corporations, or via Canada Helps. Total receipted donation from Neighbourlink totaled \$61,857.78.

8 Programs

Neighbourlink allocated % of the total program expenditure to the following individual programs based on time and resources used.

| Program | % | Amount |
|---------------------|------------|--------------------------|
| Food HUB | 10 | \$ 29,012 |
| Youth Mobilization | 5 | 14,506 |
| Single Moms support | 15 | 43,518 |
| Youth Outreach | 5 | 14,506 |
| Community Building | 10 | 29,012 |
| Food Support | 20 | 58,024 |
| Community Care | 15 | 43,518 |
| Volunteer Network | 10 | 29,012 |
| Fundraising | 10 | 29,012 |
| Total | 100 | \$ <u>290,120</u> |

NEIGHBOURLINK NORTH YORK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

9 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, 2021.

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 trade 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.

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.

10 Comparative Figures

Comparative figures are re-arranged and re-grouped where necessary.

Signature Certificate

Reference number: CGXMP-JYV3F-GS7TR-DLHSB

| Signer | Timestamp | Signature |
|---|-----------|---|
| Doug McDougall Email: doug@neighbourlink.org Shared via link Sent: 03 Mar 2022 19:19:53 UTC Viewed: 03 Mar 2022 22:13:37 UTC Signed: 03 Mar 2022 22:14:15 UTC | |  IP address: 72.142.15.112 Location: Warton, Canada |
| Sally Lee Email: sally@neighbourlink.org Shared via link Sent: 03 Mar 2022 19:19:53 UTC Viewed: 04 Mar 2022 18:11:27 UTC Signed: 04 Mar 2022 18:12:06 UTC | |  IP address: 174.88.148.158 Location: North York, Canada |

Document completed by all parties on:
04 Mar 2022 18:12:06 UTC

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