

CHALMERS COMMUNITY SERVICES CENTRE

Financial Statements

Year Ended December 31, 2023

CHALMERS COMMUNITY SERVICES CENTRE

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Year Ended December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Chalmers Community Services Centre

Qualified Opinion

We have audited the financial statements of Chalmers Community Services Centre (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, operations 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 organization as at December 31, 2023 and the results of its operations and 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 not-for-profit organizations, the organization derives revenue from donations and fundraising activities, 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and December 31, 2022, current assets as at December 31, 2023 and December 31, 2022, and net assets as at January 1, 2023 and 2022 and December 31, 2023 and 2022.

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 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 audit 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.

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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 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.



Guelph, Ontario
April 8, 2024

WCO Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

CHALMERS COMMUNITY SERVICES CENTRE

Statement of Financial Position

December 31, 2023

	General Fund	Restricted Fund	Contingency Fund	2023 Total	2022 Total
ASSETS					
CURRENT					
Cash	\$ 211,202	\$ -	\$ -	\$ 211,202	\$ 239,330
Restricted cash (Note 3)	10,001	-	-	10,001	-
Short term investments (Note 4)	60,000	-	-	60,000	61,623
Government remittances receivable	9,672	-	-	9,672	8,798
Interfund loan (Note 5)	-	-	75,000	75,000	75,000
Current portion of note receivable (Note 7)	-	40,000	-	40,000	20,000
Interest on note receivable (Note 7)	-	16,800	-	16,800	7,500
	<u>290,875</u>	<u>56,800</u>	<u>75,000</u>	422,675	412,251
CAPITAL ASSETS (Note 6)	-	12,213	-	12,213	15,268
NOTE RECEIVABLE (Note 7)	-	460,000	-	460,000	480,000
LONG TERM INVESTMENTS (Note 8)	-	-	-	-	24,229
	<u>\$ 290,875</u>	<u>\$ 529,013</u>	<u>\$ 75,000</u>	\$ 894,888	\$ 931,748
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	\$ 9,401	\$ -	\$ -	\$ 9,401	\$ 21,813
Deferred revenue (Note 9)	28,320	1,915	-	30,235	38,598
Interfund loan (Note 5)	75,000	-	-	75,000	75,000
	<u>112,721</u>	<u>1,915</u>	<u>-</u>	114,636	135,411
NET ASSETS	<u>178,154</u>	<u>527,098</u>	<u>75,000</u>	780,252	796,337
	<u>\$ 290,875</u>	<u>\$ 529,013</u>	<u>\$ 75,000</u>	\$ 894,888	\$ 931,748

CHALMERS COMMUNITY SERVICES CENTRE

Statement of Changes in Net Assets

Year Ended December 31, 2023

	General Fund	Restricted Fund	Contingency Fund	2023 Total	2022 Total
NET ASSETS - BEGINNING OF YEAR	\$ 200,965	\$ 520,372	\$ 75,000	\$ 796,337	\$ 797,755
Deficiency of revenues over expenditures	(22,811)	6,726	-	(16,085)	(1,418)
Transfer to fund	-	-	-	-	28,827
Transfer from fund	-	-	-	-	(28,827)
NET ASSETS - END OF YEAR	\$ 178,154	\$ 527,098	\$ 75,000	\$ 780,252	\$ 796,337

CHALMERS COMMUNITY SERVICES CENTRE

Statement of Operations

Year Ended December 31, 2023

	General Fund	Restricted Fund	Contingency Fund	2023 Total	2022 Total
REVENUES					
Donations <i>(Note 10) (Schedule 1)</i>	\$ 297,202	\$ -	\$ -	\$ 297,202	\$ 297,908
Fundraising and sponsorships	95,162	-	-	95,162	77,846
Government grants <i>(Schedule 1)</i>	13,250	479	-	13,729	31,595
Interest Income	5,162	9,300	-	14,462	12,584
	<u>410,776</u>	<u>9,779</u>	<u>-</u>	<u>420,555</u>	<u>419,933</u>
EXPENDITURES					
Direct Program Costs <i>(Schedule 2)</i>	163,574	-	-	163,574	161,239
Wages and benefits	135,533	-	-	135,533	137,075
Occupancy costs	59,015	-	-	59,015	51,228
Professional fees	36,459	-	-	36,459	21,594
Fundraising expenses	16,035	-	-	16,035	18,727
Office and administration	13,866	-	-	13,866	9,015
Telephone	5,411	-	-	5,411	3,088
Insurance	3,694	-	-	3,694	3,691
Depreciation	-	3,053	-	3,053	3,737
Capital expenses	-	-	-	-	1,795
Supplies	-	-	-	-	162
	<u>433,587</u>	<u>3,053</u>	<u>-</u>	<u>436,640</u>	<u>411,351</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(22,811)	6,726	-	(16,085)	8,582
FORGIVEN PORTION OF NOTE RECEIVABLE	-	-	-	-	(10,000)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (22,811)</u>	<u>\$ 6,726</u>	<u>\$ -</u>	<u>\$ (16,085)</u>	<u>\$ (1,418)</u>

CHALMERS COMMUNITY SERVICES CENTRE**Statement of Cash Flows
Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (16,085)	\$ (1,418)
Item not affecting cash:		
Amortization of capital assets	3,053	3,737
	<u>(13,032)</u>	<u>2,319</u>
Changes in non-cash working capital:		
Accounts receivable	-	20,000
Government remittances receivable	(874)	655
Accounts payable and accrued liabilities	(12,411)	8,243
Deferred revenue	(8,362)	(2,423)
	<u>(21,647)</u>	<u>26,475</u>
Cash flow from (used by) operating activities	<u>(34,679)</u>	<u>28,794</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(634)
Notes receivable	(9,300)	2,500
Short-term investments	61,623	(3,165)
Guaranteed investments certificates	(60,000)	-
Long term investments	24,229	(288)
	<u>16,552</u>	<u>(1,587)</u>
Cash flow from (used by) investing activities	<u>16,552</u>	<u>(1,587)</u>
FINANCING ACTIVITY		
Loan payable	-	(36,396)
	<u>-</u>	<u>(36,396)</u>
DECREASE IN CASH FLOW	(18,127)	(9,189)
Cash - beginning of year	<u>239,330</u>	<u>248,519</u>
CASH - END OF YEAR <i>(Note 3)</i>	\$ 221,203	\$ 239,330

CHALMERS COMMUNITY SERVICES CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

The organization was incorporated on March 31, 2006 without share capital under the provisions of the Ontario Business Corporations Act. It is a registered charity and is exempt from income tax. Its primary activity is providing food, clothing, and other support services to vulnerable members of the Guelph Community.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and are in accordance with Canadian generally accepted accounting principles.

Fund accounting

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

The General Fund reflects the transactions associated with the operating and fundraising activities related to the Organization.

The Restricted Fund reflects the transactions associated with acquisitions and improvements of equipment and real property, net of amortization, and other specific projects.

The Contingency Fund is an internally restricted fund which reports funds held in reserve to address unforeseen financial circumstances.

Revenue recognition

Revenue, other than grants, is recorded when the use of cash or other assets is available to the organization.

The Organization defers the recognition of revenues from grants received until the related expenditures have been incurred unless a specific restricted fund exists for the funding. Grants received for capital purchases are deferred and recognized as revenue as the corresponding asset is depreciated.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid short-term deposits with an original maturity date from date of purchase of less than three months.

Capital assets

Capital assets are recorded at cost. Amortization is calculated using the diminishing balance method at the following annual rates, except in the year of acquisition and disposal, when one-half of the annual rate is used:

Equipment	20%
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Investments

Investments are valued at fair value.

Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the entity are accounted for as capital leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is depreciated on the same basis as described above. Rental payments under operating leases are expensed as incurred.

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CHALMERS COMMUNITY SERVICES CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, capital assets, and accounts payable and accrued liabilities.

Contributed material and services

Volunteers contribute a significant amount of time per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. The Organization receives donations of goods from the community. These are recognized in the financial statements to the extent that fair value is determinable.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value. Changes in fair value are recognized in net income. All other financial instruments are reported at amortized cost. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, and loan payable. Financial assets measured at amortized cost include cash and accounts receivable, loan receivable and long-term investments which are not quoted in an active market.

The organization initially and subsequently measures related party transactions that are considered financial instruments at cost. Related party transactions do not have repayment terms and are considered to be in the normal course of operations, therefore, cost is the exchange amount of the consideration transferred or received.

Financial assets measured at 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.

For financial instruments subsequently measured at fair value, the Organization recognizes transaction costs directly attributable to their origination, issuance, or assumption in net income in the period incurred. When a financial instrument is measured at amortized cost, transaction costs are included in the initial measurement of the instrument.

3. RESTRICTED CASH

Restricted cash represents amounts held as security for the microfinancing program. Details of the program are described in note 11.

CHALMERS COMMUNITY SERVICES CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

4. SHORT TERM INVESTMENTS

Short term investments consist of the following:

	2023	2022
Guaranteed investments certificates, mature December 14, 2024, bears interest at 4.75% per annum	\$ 60,000	\$ -
42C Shared Space Community Bond, matures February 3, 2023, bears interest at 4% per annum.	-	50,000
Interest receivable on 42C Shared Space Community Bond, to be paid at maturity.	-	11,623
	<u>\$ 60,000</u>	<u>\$ 61,623</u>

5. INTERFUND LOAN

The interfund loan is bears no interest and has no specific terms of repayment.

6. CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 38,215	\$ 26,002	\$ 12,213	\$ 15,268

7. NOTE RECEIVABLE

The note is receivable from 42C Shared Space. At the year ended December 31 2023, the terms of this note were being negotiated and not finalized.

	2023	2022
42C Shared Space note receivable, bearing interest at fixed rate of 2% compounded annually starting April 1, 2022 until April 1, 2026 and 5% after, with annual minimum payments of lesser of \$100,000 and the amount permitted to be paid by 42C Shared Space by its first mortgage from time to time and no less than \$20,000.	\$ 500,000	\$ 500,000
Less: current portion	<u>(40,000)</u>	<u>(20,000)</u>
	<u>\$ 460,000</u>	<u>\$ 480,000</u>

Interest on note receivable consists of interest accrued during the year amounting to \$9,300 (2022 - \$7,500)

CHALMERS COMMUNITY SERVICES CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

8. LONG TERM INVESTMENTS

Long-term investments consist of the following:

	<u>2023</u>	<u>2022</u>
3 Year Redeemable GIC, having interest at 1.2% per annum, withdrawn on Dec. 14, 2023	\$ -	\$ 24,229

9. DEFERRED REVENUE

Deferred revenue of the General Fund consists of the following:

	<u>2023</u>	<u>2022</u>
Community Services Recovery Fund	\$ 21,051	\$ -
Child vision program	3,909	4,509
Christmas gift bags	1,733	3,119
Microfinance	1,450	1,450
Other	177	125
Culturally sensitive food & meals project	-	2,000
Newcomer families in need program	-	25,000
	<u>\$ 28,320</u>	<u>\$ 36,203</u>

Deferred revenue in the Restricted Fund consists of a grant received from the Local Food & Infrastructure Fund (LFIF) for the purchase of new equipment. The LFIF grant is being recognized as revenue on the same basis as depreciation.

10. IN-KIND DONATIONS

The Organization recognizes in-kind donations to the extent that fair value is determinable. The following contributed goods have been included in the determination of donation revenue:

	<u>2023</u>	<u>2022</u>
Food & grocery store gift cards	\$ 8,031	\$ 9,991
Other	2,969	2,167
Diapers	204	46
Christmas gift bag items	-	1,379
	<u>\$ 11,204</u>	<u>\$ 13,583</u>

CHALMERS COMMUNITY SERVICES CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

11. COMMITMENTS

Lease for premises

On February 13, 2023 the organization signed a new lease agreement. Under the terms of the new lease, the entity is committed to a long-term lease for premises which expires on December 31, 2025. Minimum annual rentals (inclusive of the requirement to pay taxes, insurance, and maintenance costs) for the next three years are approximately as follows:

2024	\$	48,776
2025		<u>49,240</u>
	\$	<u>98,016</u>

Microfinancing program

The Organization pledged \$25,000 towards microfinancing loans in 2014. Donations of \$1,450 have been received to date for the program and \$3,493 has been spent. During the year, the organization entered into an agreement with Alterna Savings and Credit Union Limited (“Alterna”) for the administration of the micro loan program, wherein it is responsible for an administration fee for each participant loan and it is the guarantor of all loans advanced. Under the new agreement, the Organization reduced the amount pledged towards the program to \$10,000 plus \$500 for administration fees. The Organization has advanced \$10,000 to Alterna as a security deposit for the guarantee. As of the report date, no loans have been advanced under the program.

Credit Card

A corporate credit card with a limit of \$15,000 is secured by assets in the amount of \$18,000. The security is held by Meridian Credit Union.

12. MORTGAGE GUARANTOR

The Organization is a guarantor of a mortgage held by 42 Carden Shared Space (Borrower). The lender has agreed to release the guarantee and the release of covenant/guarantor agreement is pending signatures subsequent to the year end.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CHALMERS COMMUNITY SERVICES CENTRE

Notes to Financial Statements

Year Ended December 31, 2023

14. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2023. It is management's opinion that there has not been a significant change in risk exposures from the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk mainly in respect of its accounts receivable and notes receivable.

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 rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization does not transact in foreign currency, therefore, is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is exposed to interest rate risk primarily through its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the entity to fair value risk while floating rate instruments subject it to a cash flow risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

CHALMERS COMMUNITY SERVICES CENTRE

Donations and grants

(Schedule 1)

Year Ended December 31, 2023

	General Fund	Restricted Fund	2023 Total	2022 Total
DONATIONS				
Donations by individuals	\$ 219,836	\$ -	\$ 219,836	\$ 209,938
Other foundations	40,992	-	40,992	27,043
United Way of Wellington	28,067	-	28,067	27,927
Hope House - Community Services Recovery Fund	8,307	-	8,307	-
Rotary Guelph- Trillium	-	-	-	2,000
Guelph Community Fund	-	-	-	1,000
Second Harvest	-	-	-	30,000
	<hr/> 297,202	<hr/> -	<hr/> 297,202	<hr/> 297,908
GOVERNMENT GRANTS				
City of Guelph	13,250	-	13,250	31,000
Local Food Infrastructure Fund	-	479	479	595
	<hr/> 13,250	<hr/> 479	<hr/> 13,729	<hr/> 31,595
	<hr/> \$ 310,452	<hr/> \$ 479	<hr/> \$ 310,931	<hr/> \$ 329,503

CHALMERS COMMUNITY SERVICES CENTRE

Direct Program Costs

(Schedule 2)

Year Ended December 31, 2023

	2023	2022
DIRECT PROGRAM COSTS		
Food	\$ 147,963	\$ 131,498
Diaper program	7,337	6,121
Supplies for food pantry	2,828	3,776
Publicity	2,111	4,650
Christmas gift bag items	1,733	4,279
Other	619	151
Child vision program	600	342
Supplies for hospitality	383	219
Co-lab program	-	10,203
	<u>\$ 163,574</u>	<u>\$ 161,239</u>