

PRESTON HEIGHTS COMMUNITY GROUP

**FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

PRESTON HEIGHTS COMMUNITY GROUP

MARCH 31, 2024
CONTENTS

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Revenue and Expenses	3
Statement of Changes in Fund Balances	4
Financial Position	5
Statement of Cash Flows	6
Explanatory Financial Notes	7 - 9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Preston Heights Community Group

Qualified Opinion

We have audited the accompanying financial statements of **Preston Heights Community Group** (the Organization), which comprise the statement of financial position as at March 31, 2024, and the statements of revenue and expenses, 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.

In our opinion, except for the 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 March 31, 2024, and its financial performance 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 not-for-profit organizations, the Organization derives revenue from public donations and fundraising, 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 and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess (deficiency) of revenue over expenses and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 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 these 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 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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.

A handwritten signature in black ink that reads "Graham Mathew Professional Corporation". The signature is written in a cursive, flowing style.

Cambridge, Ontario
September 9, 2024

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

PRESTON HEIGHTS COMMUNITY GROUP

**STATEMENT OF REVENUE AND EXPENSES
YEAR ENDED MARCH 31, 2024**

	Reserve for Program Expansion \$	Capital Asset Fund \$	OLG \$	Unrestricted \$	2024 Total \$	2023 Total \$
Revenue						
Grants and donations				366,325	366,325	303,392
OLG revenue			7,803		7,803	3,384
Fees, interest and fundraising				24,410	24,410	21,546
United Way						207
Other income		98		1,000	1,098	1,000
		98	7,803	391,735	399,636	329,529
Operating expenses						
Advertising				1,929	1,929	3,508
Insurance				5,031	5,031	4,794
Office supplies			1,470	8,224	9,694	8,553
Program supplies				41,832	41,832	11,118
Professional fees				22,428	22,428	16,451
Rent				10,086	10,086	7,392
Repairs and maintenance						159
Special events				31,080	31,080	55,209
Utilities				1,170	1,170	1,517
Wages and employee benefits				275,107	275,107	223,091
Amortization		12,582			12,582	557
		12,582	1,470	396,887	410,939	332,349
Excess (deficiency) of revenue over expenses	NIL	(12,484)	6,333	(5,152)	(11,303)	(2,820)

The explanatory financial notes form an integral part of these financial statements.

PRESTON HEIGHTS COMMUNITY GROUP

**STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2024**

	Reserve for Program Expansion \$	Capital Asset Fund \$	Capital Reserve Fund \$	OLG \$	Unrestricted \$	2024 Total \$	2023 Total \$
Fund balances, beginning of year	16,248	2,716	(782)	7,367	291,204	316,753	319,573
Excess (deficiency) of revenue over expenses		(12,484)		6,333	(5,152)	(11,303)	(2,820)
Capital asset purchases and other transfers		113,087	782		(113,869)		
Fund balances, end of year	16,248	103,319		13,700	172,183	305,450	316,753

The explanatory financial notes form an integral part of these financial statements.

PRESTON HEIGHTS COMMUNITY GROUP

**FINANCIAL POSITION
MARCH 31, 2024**

	2024	2023
	\$	\$
ASSETS		
Cash		
Unrestricted	451,990	518,845
Other - restricted	17,724	17,710
OLG - restricted	13,931	3,097
Accounts receivable		
Unrestricted	49,170	3,690
Prepaid expenses	1,095	6,148
Current assets	533,910	549,490
Capital assets (note 3)	103,319	2,716
	637,229	552,206
LIABILITIES		
Accounts payable and accrued liabilities (note 4)		
Unrestricted	6,758	13,833
Advanced program funding (note 5)	325,021	221,620
Current liabilities	331,779	235,453
FUND BALANCES		
Reserve for program expansion	16,248	16,248
Capital asset fund	103,319	2,716
Capital reserve fund		(782)
OLG	13,700	7,367
Unrestricted	172,183	291,204
	305,450	316,753
	637,229	552,206

APPROVED BY THE BOARD:

_____ Director

_____ Director

PRESTON HEIGHTS COMMUNITY GROUP

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2024

	2024 \$	2023 \$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses for year:		
Unrestricted fund	(5,152)	(5,647)
OLG fund	6,333	3,384
Capital asset fund	(12,484)	(557)
Items not involving cash:		
Amortization	12,582	557
	1,279	(2,263)
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	(45,480)	868
Accounts payable and accrued liabilities	(7,075)	102
Advanced program funding	103,401	17,866
Prepaid expenses	5,053	(2,615)
	57,178	13,958
Cash flows from investment activities:		
Capital asset purchases	(113,186)	(2,089)
Net increase (decrease) in cash	(56,008)	11,869
Cash, beginning of year	539,652	527,783
Cash, end of year	483,645	539,652
Cash position includes:		
Cash - Unrestricted	451,990	518,845
Cash - Restricted	17,724	17,710
Cash - OLG Restricted	13,931	3,097
	483,645	539,652

The explanatory financial notes form an integral part of these financial statements.

PRESTON HEIGHTS COMMUNITY GROUP

EXPLANATORY FINANCIAL NOTES YEAR ENDED MARCH 31, 2024

1. Nature of Organization

The Organization provides affordable, accessible, recreational, social and educational programs/services to the people living in Preston Heights and was incorporated by letters patent on February 12, 1997.

The Organization is a registered charity for income tax purposes, and as such, its income is not taxable and it is eligible to issue official income tax receipts for charitable donations.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Preston Heights Community Group, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The **Reserve for program expansion fund**, represents amounts to be used for future rental opportunities and funding of future programs.

The **Capital asset fund**, represents the net book value of the current capital assets.

The **Capital reserve fund**, represents amounts to fund future equipment purchases.

The **OLG fund**, which is externally restricted, represents monies received by the Organization as a result of being granted operating licenses by the Alcohol and Gaming Commission of Ontario. These monies are to be used exclusively for program supplies and expenses, transportation costs, printing costs, facility rentals, accounting, police checks and youth education.

The **Unrestricted fund**, accounts for the revenue and expenditures relating to the operating and administration of Preston Heights Community Group.

(b) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Government assistance (including wage subsidy) is recorded in the period in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Amortization of capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

PRESTON HEIGHTS COMMUNITY GROUP

EXPLANATORY FINANCIAL NOTES YEAR ENDED MARCH 31, 2024

2. Summary of Significant Accounting Policies (Continued)

(c) Amortization of capital assets (continued)

The Organization amortizes capital assets using the straight-line method at annual rates which will amortize the assets over their estimated useful lives:

Computer hardware	25%
Computer software	50%
Leasehold improvements	20%
Equipment	20%

(d) Financial instruments

All financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(e) Contributed services and materials

Donations of materials and services are not reflected in these financial statements because of the impracticality of the record keeping and valuation of them.

(f) Use of estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

	2024	2023
	\$	\$
3. Capital Assets		
Cost		
Computer hardware	26,887	24,280
Computer software	1,269	1,269
Leasehold improvements	105,387	22,401
Equipment	28,509	23,317
	162,052	71,267
Accumulated amortization		
Computer hardware	22,569	21,564
Computer software	1,269	1,269
Leasehold improvements	10,539	22,401
Equipment	24,356	23,317
	58,733	68,551
Net Book Value	103,319	2,716

PRESTON HEIGHTS COMMUNITY GROUP

EXPLANATORY FINANCIAL NOTES YEAR ENDED MARCH 31, 2024

	2024	2023
	\$	\$
4. Accounts Payable and Accrued Liabilities		
Accounts payable and accrued liabilities	6,758	10,822
Government remittances payable		3,011
	6,758	13,833

5. Advanced Program Funding

Funding received from community sponsors which, by their direction, relates to the next fiscal year for specific expenditures, have been deferred as advanced program funding.

6. Fund Balances

Pursuant to the Organization's letters patent and non-profit status, the corporation must, upon dissolution and the payment of all liabilities, distribute any remaining property to charitable organizations which carry on their work solely in Ontario.

7. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the year end date.

Liquidity risk

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

Credit risk

The entity is exposed to credit risk with respect to accounts receivable. The entity provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on these clients and virtually never has any bad debts.

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 entity is not exposed to significant market risk.