

**NORTH HASTINGS COMMUNITY TRUST**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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## INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors of  
North Hastings Community Trust

We have reviewed the accompanying financial statements of North Hastings Community Trust that comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioners perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Basis for Qualified Conclusion

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 us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and December 31, 2020, current assets and net assets as at December 31, 2021 and December 31, 2020. Our review conclusion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of North Hastings Community Trust as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Dawson Gray LLP*

HALIBURTON, ONTARIO  
JUNE 1, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**NORTH HASTINGS COMMUNITY TRUST**

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**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021****UNAUDITED**

	<u>2021</u>	<u>2020</u>
	\$	\$
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	46,106	253,054
Accounts receivable	3,689	2,876
Prepaid expenses (note 10)	<u>101,870</u>	<u>1,848</u>
	151,665	257,778
PROPERTY, PLANT AND EQUIPMENT (note 3)	1,889	2,520
RESTRICTED CASH (note 6)	<u>70,000</u>	<u>-</u>
	<u><u>223,554</u></u>	<u><u>260,298</u></u>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	11,481	40,878
Unearned revenue (note 4)	<u>14,376</u>	<u>1,240</u>
	<u>25,857</u>	<u>42,118</u>
<b><u>NET ASSETS</u></b>		
OPERATING RESERVE (note 6)	70,000	-
UNRESTRICTED NET ASSETS	<u>127,697</u>	<u>218,180</u>
	<u>197,697</u>	<u>218,180</u>
	<u><u>223,554</u></u>	<u><u>260,298</u></u>

See accompanying notes

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**DAWSON GRAY LLP**

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**NORTH HASTINGS COMMUNITY TRUST**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**UNAUDITED**

	<u>2021</u>	<u>2020</u>
	\$	\$
BALANCE - JANUARY 1	218,180	278,220
DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR	(20,483)	(60,040)
TRANSFER TO RESERVES	<u>(70,000)</u>	<u>-</u>
BALANCE - DECEMBER 31	<u>127,697</u>	<u>218,180</u>

**NORTH HASTINGS COMMUNITY TRUST**

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**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2021****UNAUDITED**

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>REVENUES</b>		
County of Hastings (note 8)	32,591	12,007
United Way (note 8)	36,500	37,729
Other funding (note 9)	39,333	5,185
Donations	148,272	119,992
Interest income	1,383	2,169
	<u>258,079</u>	<u>177,082</u>
<b>EXPENDITURES</b>		
Wages and benefits	172,548	168,913
Client costs	20,406	5,871
Program costs	43,780	27,286
Occupancy costs	20,269	17,282
Insurance	2,341	1,977
Postage, office and general	6,325	2,330
Development and training	1,416	1,192
Telephone	1,840	4,138
Honorarium	1,075	1,295
Advertising	817	936
Legal and accounting	6,840	4,669
Interest and bank charges	274	249
Amortization	631	984
	<u>278,562</u>	<u>237,122</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	<u><u>(20,483)</u></u>	<u><u>(60,040)</u></u>

See accompanying notes

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**DAWSON GRAY LLP**

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**NORTH HASTINGS COMMUNITY TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**UNAUDITED**

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures	(20,483)	(60,040)
Adjustment for Amortization	<u>631</u>	<u>984</u>
	<u>(19,852)</u>	<u>(59,056)</u>
Change in non-cash working capital items		
Accounts receivable	(813)	(856)
Prepaid expenses	(100,022)	(175)
Accounts payable and accrued liabilities	(29,397)	31,788
Unearned revenue	<u>13,136</u>	<u>(1,304)</u>
	<u>(117,096)</u>	<u>29,453</u>
	(136,948)	(29,603)
<b>INVESTING ACTIVITY</b>		
Transfer to reserves - restricted cash	<u>(70,000)</u>	<u>-</u>
<b>NET DECREASE IN CASH</b>	(206,948)	(29,603)
<b>CASH - JANUARY 1</b>	<u>253,054</u>	<u>282,657</u>
<b>CASH - DECEMBER 31</b>	<u><u>46,106</u></u>	<u><u>253,054</u></u>
<b>CASH CONSISTS OF:</b>		
Cash	<u><u>46,106</u></u>	<u><u>253,054</u></u>

**NORTH HASTINGS COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**UNAUDITED**

**1. NATURE OF OPERATIONS**

North Hastings Community Trust is a registered charitable organization formed to provide low income families, individuals and children with financial assistance and community referrals. It was incorporated federally under the Canada Not-for-profit Corporations Act on May 5, 2021. It is exempt from income tax.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

**(b) Fund accounting deferred**

The organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

In addition to the unrestricted general fund, the organization has implemented two reserve funds during the fiscal year - operating reserve and opportunity reserve.

The operating reserve is intended to provide an internal source of funds for situations such as sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding or uninsured losses.

The opportunity reserve is intended to provide funds to meet specific targets of opportunity or needs that further the mission of the organization.

**(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.



**NORTH HASTINGS COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**UNAUDITED**

**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(d) 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are estimated life of property, plant and equipment.

**(e) Contributed services**

Directors, members and others volunteer their time to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

**(f) 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 its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

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.

**(g) Revenue recognition**

Funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and it matches the related expenses. Donations and fundraising are recognized on a cash basis when received.

**(h) Government assistance**

Government assistance received or receivable as a result of the Government of Canada COVID-19 response programs are accounted for as other funding and are recognized as revenue in the period in which they are earned when there is reasonable assurance that the company has complied and will continue to comply with the conditions associated with the assistance.

**NORTH HASTINGS COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**UNAUDITED**

**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(i) Property, plant and equipment**

Property, plant and equipment are recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	20%
Computer equipment	55%
Computer software	100%

**3. PROPERTY, PLANT AND EQUIPMENT**

	2021		2020	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Furniture and fixtures	5,392	3,666	1,726	2,157
Computer equipment	4,829	4,666	163	363
Computer software	467	467	-	-
	<u>10,688</u>	<u>8,799</u>	<u>1,889</u>	<u>2,520</u>

**4. UNEARNED REVENUE**

Funding for expenses of the next year:

	2021	2020
	\$	\$
Balance, beginning of year	1,240	2,544
Less: Amount recognized as revenue in the year	(1,240)	(2,544)
Plus: Amount received related to the following year	<u>14,376</u>	<u>1,240</u>
Balance, end of year	<u>14,376</u>	<u>1,240</u>

**NORTH HASTINGS COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**UNAUDITED**

**5. GOVERNMENT REMITTANCES PAYABLE**

Included in the accounts receivable are amounts receivable in respect of government remittances for:

	<u>2021</u>	<u>2020</u>
	\$	\$
HST	<u>3,689</u>	<u>2,876</u>

In addition, included in the accounts payable and accrued liabilities are amounts owing in respect of government remittances for:

	<u>2021</u>	<u>2020</u>
	\$	\$
Payroll liabilities	<u>2,420</u>	<u>2,949</u>

**6. OPERATING RESERVE**

The operating reserve is an internally restricted reserve to provide internal sources of funds for situations such as sudden increase in expenses, one-time unbudgeted expenses, anticipated loss in funding or uninsured losses.

The change in the operating reserve is due to the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Transfer from unrestricted net assets	<u>70,000</u>	<u>-</u>

The asset in relation to this reserve is shown on the statement of financial position as restricted cash.

**7. CONTRACTUAL OBLIGATION**

The organization's total obligation, under a property lease agreement, exclusive of occupancy costs and HST, is as follows:

	\$
2022	<u>6,125</u>

**NORTH HASTINGS COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. ECONOMIC DEPENDENCE**

The organization receives a significant portion of its revenue through a funding agreement from the County of Hastings and United Way (26.77% of total revenues, 2020 - 28.09% of total revenues). The organization's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

**9. GOVERNMENT ASSISTANCE**

The Organization received \$20,000 under the Ontario Small Business Support Grant program due to the COVID-19 pandemic. This is included in other funding on the Statement of Operations.

**10. SUBSEQUENT EVENTS**

Subsequent to the year end, the organization purchased land and building for \$1,340,000, of which \$100,000 was paid for with cash (this was the deposit made and included as prepaid expenses on the statement of financial position) and the remaining was funded by a charitable grant.

**11. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The organization's exposure to liquidity risk relates to accounts payable and accrued liabilities and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining an adequate operating reserve.

**12. COVID-19**

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. Potential risks that the organization faces as a result of the pandemic are as follows:

- (i) Significant change in operational costs
  - ◆ Assessment and response:  
Change in operational costs, if any, have been reflected in the financial statements.

**NORTH HASTINGS COMMUNITY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**UNAUDITED**

**13. COMPARATIVE FIGURES**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.