ONTARIO NONPROFIT NETWORK

FINANCIAL STATEMENTS

MARCH 31, 2020

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SHIMMERMANPENN LLP
Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors and Members of
Ontario Nonprofit Network

Opinion

We have audited the financial statements of Ontario Nonprofit Network, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2020, 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.

Basis for Opinion

In common with many not-for-profit organizations, the organization derives revenue from 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 March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 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 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 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 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 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.

INDEPENDENT AUDITORS' REPORT, continued

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.

Shimmerman Penn LLP

Shimmerman Penn LLP

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Canada

September 28, 2020

ONTARIO NONPROFIT NETWORK

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

		2020		2019
ASSETS				
CURRENT				
Cash	**$**	**98,514**	$	265,691
Term deposits (note 3)		**15,959**		15,959
Accounts receivable		**186,921**		57,868
Prepaid expenses		**14,586**		9,409
		315,980		348,927
LONG TERM				
Investment (note 4)		**15**		15
Capital assets (note 5)		**1,448**		2,069
		1,463		2,084
	$	**317,443**	$	351,011
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities (note 6)	**$**	**28,571**	$	42,327
Deferred grants (note 7)		**199,196**		233,392
		227,767		275,719
NET ASSETS				
Unrestricted		**89,676**		75,292
	$	**317,443**	$	351,011

APPROVED ON BEHALF OF THE BOARD:

______________________ ***Director*** ______________________ ***Director***

See accompanying notes

ONTARIO NONPROFIT NETWORK

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2020

		2020		2019
REVENUES				
Grants (note 11)	**$**	**617,196**	$	645,061
Sponsorships		**303,250**		269,975
Membership fees		**140,513**		136,608
Events		**106,169**		94,189
Fees and other income		**86,126**		82,280
Interest		**744**		1,016
		1,253,998		1,229,129
EXPENDITURES				
Salaries and benefits (note 9)		**781,158**		630,512
Program costs		**281,386**		280,005
Occupancy costs		**69,255**		63,015
Office and general		**53,068**		66,122
Advertising and promotion		**28,007**		18,082
Professional fees		**21,119**		67,524
Bad debts		**5,000**		-
Amortization		**621**		614
		1,239,614		1,125,874
EXCESS OF REVENUES OVER EXPENDITURES	**$**	**14,384**	$	103,255

See accompanying notes

ONTARIO NONPROFIT NETWORK

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2020

		2020		2019
NET ASSETS (NET DEFICIENCY), beginning of year	**$**	**75,292**	$	(27,963)
Excess of revenues over expenditures		**14,384**		103,255
NET ASSETS, end of year	**$**	**89,676**	$	75,292

See accompanying notes

ONTARIO NONPROFIT NETWORK

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2020

	2020	2019
CASH WAS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	**$ 14,384**	$ 103,255
Items not affecting cash		
Amortization	**621**	614
Deferred grants recognized	**(617,196)**	(645,061)
	(602,191)	(541,192)
Change in non-cash operating working capital items		
Term deposits	**-**	(361)
Accounts receivable	**(129,053)**	44,215
Prepaid expenses	**(5,177)**	(911)
Accounts payable and accrued liabilities	**(13,756)**	(26,083)
	(147,986)	16,860
	(750,177)	(524,332)
FINANCING ACTIVITY		
Deferred grants received	**583,000**	758,169
INVESTING ACTIVITY		
Purchase of capital assets	**-**	(1,275)
CHANGE IN CASH POSITION	**(167,177)**	232,562
CASH, beginning of year	**265,691**	33,129
CASH, end of year	**$ 98,514**	$ 265,691

See accompanying notes

1. DESCRIPTION OF ORGANIZATION AND INCOME TAX STATUS

Ontario Nonprofit Network ("ONN") was established as a corporation without share capital by Ontario Letters Patent on February 11, 2014 to support the Ontario non-profit sector by bringing the diverse voices of the sector to government, funders and businesses to create and influence systemic change.

ONN is not a registered charitable organization under the Income Tax Act (Canada) and, as such, does not accept charitable donations or issue donation receipts for income tax purposes. Under its understanding of paragraph 149(1)(l) the organization claims exemption from the obligation to pay income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Revenue recognition

The organization follows the deferral method of accounting for grants, which include support from the government and other non-profit organizations.

Externally restricted grants are deferred and recognized as revenue in the year in which the related expenses are incurred.

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

Sponsorships, events, membership, consulting fees and other fees are recognized when the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Contributed services

The organization would not be able to carry out its administrative activities without the services of volunteers who donate a considerable number of hours. Due to the difficulty in determining their fair value, the value of contributed services is not recognized in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and investments maturing in less than 90 days. As at March 31, 2020, there were no cash equivalents.

(d) Capital assets

Purchased capital assets are recorded at acquisition cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Computer equipment	30% Declining balance

(e) Impairment of long-lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(f) Cash flows

The organization uses the indirect method of reporting cash flows from operating activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in net income.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include long term investment.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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 and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the useful life of assets for amortization purposes and valuation of accounts receivable. Actual results could differ from those estimates.

3. TERM DEPOSITS

Term deposits are invested in redeemable Guaranteed Investment Certificates which are deposited with a Canadian Chartered bank, maturing on July 14, 2020 and bear interest at 1.25%.

4. INVESTMENT

Investment is comprised of a member share paid to Alterna Savings, a Canadian financial co-operative.

5. CAPITAL ASSETS

			2020	2019
	Cost	**Accumulated amortization**	**Net**	Net
Computer equipment	**$ 5,944**	**$ 4,496**	**$ 1,448**	$ 2,069

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of nil (2019 - $8,343).

7. DEFERRED GRANTS

Deferred grants consist of funds received in advance of future events and projects. Changes in the deferred grants balances are as follows:

	2020	2019
Opening balance	**$ 233,392**	$ 120,284
Grants received/receivable	**583,000**	758,169
Grants recognized as revenue	**(617,196)**	(645,061)
	$ 199,196	$ 233,392

8. COMMITMENTS

The organization's total base rent obligation under their current property lease agreement for 2020 is $60,000 (2019 - $60,000).

9. SALARIES AND BENEFITS

Included in salaries and benefits is $21,487 (2019 - nil) of Canada Emergency Wage Subsidy ("CEWS") which was introduced by the federal government to assisst employers during COVID-19. The amount reduces salaries and benefits expenses during the year.

Also included in salaries and benefits during the year is pension expense of $20,492 (2019 - nil) relating to a defined benefit pension plan with the OPSEU Pension Plan Trust Fund ("the Plan"). The Plan was established in 1994 to provide pension benefits for employees of the Province of Ontario in bargaining units represented by the Ontario Public Service Employees Union ("OPSEU") and certain other bargaining units and employers.

10. CAPITAL MANAGEMENT

The objectives of the Board of Directors in managing capital are to safeguard the organization's ability to maintain its projects and programs as outlined in budgets and plans approved by the Board. The Board monitors, assesses and manages capital and makes adjustments based on its assessment of economic conditions.

The organization is subject to external restrictions on grants when the funding agencies specify programs or areas which they fund. The organization has complied with these externally imposed requirements.

11. GOVERNMENT GRANTS

Various governments and government organizations have agreed to grant the organization funds in the year to cover program expenditures incurred as per approved budgets. Such amounts included in grants revenue are as follows:

	2020	2019
Province of Ontario (Ontario Trillium Foundation)	**$ 52,604**	$ 69,000
Government of Canada	**119,004**	130,957
Municipality of Toronto	**52,476**	131,402
	$ 224,084	$ 331,359

Included in the deferred grants are the following amounts from governments:

	2020	2019
Province of Ontario (Ontario Trillium Foundation)	**$ 47,396**	$ -
Government of Canada	**4,458**	63,463
Municipality of Toronto	**65,925**	63,422
	$ 117,779	$ 126,885

12. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at March 31, 2020.

12. FINANCIAL INSTRUMENTS, continued

(a) **Credit risk**
Credit risk arises from the potential that certain parties will fail to perform their obligations. The organization routinely assesses the financial strength of its members and sponsors and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

(b) **Liquidity risk**
Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The organization expects to meet these obligations as they come due by generating sufficient cash flows from operations as well as from ongoing grant support, sponsorships and the continued support of it members.

(c) **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. It is management's opinion that the organization is not exposed to currency risk or other price risk.

(d) **Interest rate risk**
The organization is exposed to interest rate price risk on its fixed rate term deposit.

13. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's operations.

The extent of the impact of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time.