

**ONTARIO NONPROFIT  
NETWORK**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**

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## 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, 2022, 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, 2022, and its 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.

### *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 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.

### *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.

**INDEPENDENT AUDITORS' REPORT, continued**

- ◆ 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.



**Shimmerman Penn LLP**

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Canada

September 8, 2022

# ONTARIO NONPROFIT NETWORK

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 405,612	\$ 520,134
Accounts receivable	231,625	64,573
Prepaid expenses	15,527	12,364
Term deposits (note 4)	-	16,259
Government assistance receivable (note 15)	3,515	77,181
	<b>656,279</b>	<b>690,511</b>
<b>LONG TERM</b>		
Term deposits (note 4)	16,517	-
Investment (note 5)	15	15
Capital assets (note 6)	7,181	5,523
	<b>23,713</b>	<b>5,538</b>
	<b>\$ 679,992</b>	<b>\$ 696,049</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (note 7)	\$ 74,916	\$ 44,802
Deferred grants (notes 8 and 13)	233,626	389,195
	<b>308,542</b>	<b>433,997</b>
<b>COMMITMENTS (note 9)</b>		
<b>NET ASSETS</b>		
UNRESTRICTED NET ASSETS	93,950	187,052
BOARD DESIGNATED RESERVE (note 11)	277,500	75,000
	<b>371,450</b>	<b>262,052</b>
	<b>\$ 679,992</b>	<b>\$ 696,049</b>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_  
*Director*

\_\_\_\_\_  
*Director*

See accompanying notes

# ONTARIO NONPROFIT NETWORK

## STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022

	2022	2021
<b>REVENUES</b>		
Grants (note 13)	\$ 969,725	\$ 764,003
Sponsorships	219,750	160,700
Membership fees	164,002	155,396
Fees and other income	123,112	53,534
Events	51,040	39,266
Interest	1,574	1,283
	<b>1,529,203</b>	<b>1,174,182</b>
<b>EXPENDITURES</b>		
Salaries and benefits (note 10)	980,693	843,205
Program costs	356,462	191,342
Occupancy costs	69,795	69,975
Professional fees	54,752	38,454
Office and general	47,144	40,949
Advertising and promotion	11,504	14,079
Bad debts	5,000	30,000
Amortization	2,242	1,230
	<b>1,527,592</b>	<b>1,229,234</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE UNDERNOTED ITEM</b>	<b>1,611</b>	<b>(55,052)</b>
<b>OTHER INCOME</b>		
Government assistance (note 15)	107,787	227,428
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 109,398</b>	<b>\$ 172,376</b>

See accompanying notes

**ONTARIO NONPROFIT NETWORK**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2022**

2022			
	Unrestricted Net Assets	Board Designated Reserve	Total
<b>BALANCE, beginning of year</b>	\$ 187,052	\$ 75,000	<b>\$ 262,052</b>
Excess of revenues over expenditures	109,398	-	<b>109,398</b>
Interfund transfer	(202,500)	202,500	-
<b>BALANCE, end of year</b>	<b>\$ 93,950</b>	<b>\$ 277,500</b>	<b>\$ 371,450</b>
2021			
	Unrestricted Net Assets	Board Designated Reserve	Total
<b>BALANCE, beginning of year</b>	\$ 89,676	-	<b>\$ 89,676</b>
Excess of revenues over expenditures	172,376	-	<b>172,376</b>
Interfund transfer	(75,000)	75,000	-
<b>BALANCE, end of year</b>	<b>\$ 187,052</b>	<b>\$ 75,000</b>	<b>\$ 262,052</b>

# ONTARIO NONPROFIT NETWORK

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	2022	2021
<b>CASH WAS PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 109,398	\$ 172,376
Items not affecting cash		
Amortization	2,242	1,230
Deferred grants recognized	(969,725)	(764,003)
	<b>(858,085)</b>	<b>(590,397)</b>
Change in non-cash operating working capital items		
Accounts receivable	(167,052)	100,860
Prepaid expenses	(3,163)	2,222
Term deposits	(258)	(300)
Government assistance receivable (note 15)	73,666	(55,693)
Accounts payable and accrued liabilities	30,114	16,231
	<b>(66,693)</b>	<b>63,320</b>
	<b>(924,778)</b>	<b>(527,077)</b>
<b>FINANCING ACTIVITY</b>		
Deferred grants received	814,156	954,002
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(3,900)	(5,305)
<b>CHANGE IN CASH POSITION</b>	<b>(114,522)</b>	<b>421,620</b>
<b>CASH, beginning of year</b>	<b>520,134</b>	<b>98,514</b>
<b>CASH, end of year</b>	<b>\$ 405,612</b>	<b>\$ 520,134</b>

See accompanying notes

# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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### 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.

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### 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) Government assistance

Government and other grants related to capital assets are accounted for as deferred government assistance and amortized on the same basis as the related capital assets. Government assistance toward current expenses are included in the determination of net income for the period and presented as other income in the Statement of Operations. If there is no reasonable assurance of collection, the recognition of the government assistance is deferred to the period when such assurance can be obtained.



# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

(c) **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.

(d) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and investments maturing in less than 90 days. As at March 31, 2022, there were no cash equivalents.

(e) **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
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(f) **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.

(g) **Cash flows**

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

# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) Financial instruments

##### (i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value except for certain related party financial instruments that are measured at cost.

For related party financial instruments measured at cost that have repayment terms, the cost is determined using the undiscounted cash flows (excluding interest) less any impairment losses previously recognized by the transferor. When there are no repayment terms, the cost is determined using the consideration transferred or received.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for i) related party financial instruments that were initially measured at cost, and ii) derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

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

Financial assets measured at fair value include long term investment.

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

##### (ii) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### (h) Financial instruments, continued

##### (iii) Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there are, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

##### (i) 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 valuation of accounts receivable. Actual results could differ from those estimates.

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### 3. ACCOUNTING CHANGES

The organization has applied the recommendations in Section 3856, Financial Instruments, relating to the recognition of financial instruments originated or exchanged in a related party transaction.

Under these recommendations, the cost of a financial instrument that does not have repayment terms is determined using the consideration transferred or received by the organization in the transaction. According to the transition provisions, the cost of such financial instruments that exist at the date these amendments are applied for the first time, i.e. April 1, 2021, is deemed to be their carrying amount in the financial statements of the organization less any impairment at the beginning of the earliest comparative period for the period in which the amendments are applied for the first time, i.e. April 1, 2020.

Adoption of these new recommendations had no impact on the organization's financial statements.

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# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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### 4. TERM DEPOSITS

Term deposits are invested in redeemable bank guaranteed investment certificates which are deposited with a Canadian Chartered bank, maturing on July 14, 2023 and bear interest at 0.60%.

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### 5. INVESTMENT

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

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### 6. CAPITAL ASSETS

			2022			2021
	Cost	Accumulated amortization	Net		Net	
Computer equipment	\$ 15,149	\$ 7,968	\$ 7,181	\$	5,523	

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### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable in the amount of \$20,487 (2021 - nil).

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# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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### 8. DEFERRED GRANTS

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

	2022	2021
Opening balance	\$ 389,195	\$ 199,196
Grants received or receivable	814,156	954,002
Grants recognized as revenue	(969,725)	(764,003)
	<u>\$ 233,626</u>	<u>\$ 389,195</u>

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### 9. COMMITMENTS

The organization's total base rent obligation under their current property lease agreement expiring on January 2023 is \$68,000 (2021 - \$55,000).

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### 10. SALARIES AND BENEFITS

Included in salaries and benefits during the year is pension expense of \$21,651 (2021 - \$21,850) 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.

ONN enrolled in the OPSEU pension plan program, OPTrust Select commencing in 2019. OPTrust Select was created in 2018 to provide a defined pension plan program to employers in Ontario's Broader Public Sector, charitable and non profit organizations that operate in Ontario.

# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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### 11. BOARD DESIGNATED RESERVE

The purpose of Board Designated Reserve Fund (the "Fund") is to provide an internal source of funds for financial flexibility, support unanticipated expenses or losses and to address special opportunities or needs, as approved by the Board. The Board intends to increase the balance of the Fund over time to reach its required minimum.

During the year, The ONN Board of Directors designated \$202,500 (2021 - \$75,000) of existing accumulated liquid unrestricted net assets to the Fund.

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### 12. 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.

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# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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13. **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:

	2022		2021
Province of Ontario (Ontario Trillium Foundation)	\$ 270,647	\$	69,554
Government of Canada	89,267		60,162
Municipality of Toronto	70,764		34,599
	\$ 430,678	\$	164,315

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

	2022		2021
Province of Ontario (Ontario Trillium Foundation)	\$ 92,195	\$	177,842
Government of Canada	48,224		133,035
Municipality of Toronto	5,313		51,076
	\$ 145,732	\$	361,953

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# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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### 14. 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, 2022.

(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 its 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**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organization is exposed to fair value risk on its fixed rate term deposit.

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# ONTARIO NONPROFIT NETWORK

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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15. **COVID-19**

Countries around the world continue to be affected by the COVID-19 virus, which was declared a pandemic by the World Health Organization on March 11, 2020. This pandemic has placed restrictive boundaries on how businesses can operate, requiring social distancing measures and at times, closures of non-essential businesses. While the organization continues to operate, it is unclear what the continuing financial impact the pandemic will be on business going forward.

The organization has applied for the following government assistance available under Canada's COVID-19 Economic Response Plan:

- (i) Canada Emergency Rent Subsidy in the amount of \$16,488 (2021 - \$6,604) which is recorded in the Statement of Operations. Government assistance receivable includes an amount of \$310 (2021- \$6,604) for this claim and was received subsequent to year end.
  - (ii) Canada Emergency Wage Subsidy in the amount of \$91,299 (2021 - \$206,088) which is recorded in the Statement of Operations. Government assistance receivable includes an amount of \$3,205 (2021 - \$70,577) for this claim and was received subsequent to year end.
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