

ONTARIO NONPROFIT NETWORK

Financial Statements

Year ended March 31, 2024



ONTARIO NONPROFIT NETWORK

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March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Directors and Members of
Ontario Nonprofit Network

Opinion

We have audited the financial statements of Ontario Nonprofit Network (the "Organization"), which comprise the statement of financial position as at March 31, 2024, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, 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

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 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 but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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.

INDEPENDENT AUDITOR'S REPORT - cont'd

- ◆ 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 entity'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 entity'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 entity 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
September 11, 2024




ONTARIO NONPROFIT NETWORK

Statement of Financial Position


March 31, 2024

	2024	2023
Assets		
Current		
Cash	\$ 160,851	\$ 139,381
Term deposit (Note 3)	-	16,616
Guaranteed Investment Certificate (Note 4)	-	75,000
Accounts receivable	254,911	153,162
Prepaid expenses	49,101	3,920
	<u>464,863</u>	<u>388,079</u>
Investment (Note 5)	15	15
Capital assets (Note 6)	23,814	40,349
	<u>\$ 488,692</u>	<u>\$ 428,443</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 86,802	\$ 62,889
Deferred membership fees	87,117	89,883
Deferred conference revenue	67,620	-
Deferred grants (Note 8)	64,770	73,204
	<u>306,309</u>	<u>225,976</u>
Net assets		
Unrestricted	883	967
Board Designated Reserve (Note 9)	181,500	201,500
	<u>182,383</u>	<u>202,467</u>
	<u>\$ 488,692</u>	<u>\$ 428,443</u>

Approved on behalf of the Board:



Director



Director



ONTARIO NONPROFIT NETWORK
Statement of Changes in Net Assets
Year ended March 31, 2024

2024			
	Unrestricted	Board Designated Reserve	Total
Balance, beginning of year	\$ 967	\$ 201,500	\$ 202,467
Deficiency of expenditures over revenue	(20,084)	-	(20,084)
Interfund transfer (Note 9)	20,000	(20,000)	-
Balance, end of year	\$ 883	\$ 181,500	\$ 182,383
2023			
	Unrestricted	Board Designated Reserve	Total
Balance, beginning of year	\$ 10,692	\$ 277,500	\$ 288,192
Deficiency of expenditures over revenue	(85,725)	-	(85,725)
Interfund transfer (Note 9)	76,000	(76,000)	-
Balance, end of year	\$ 967	\$ 201,500	\$ 202,467



ONTARIO NONPROFIT NETWORK

Statement of Operations

Year ended March 31, 2024

	2024	2023
Revenue		
Grants (Note 10)	\$ 1,262,161	\$ 1,056,766
Membership fees	161,617	162,925
Sponsorships	103,750	312,800
Fees and other income	94,894	97,116
Events	15,815	100,870
Interest	4,848	1,365
	<u>1,643,085</u>	<u>1,731,842</u>
Expenditures		
Salaries and benefits (Note 11)	1,125,854	1,163,977
Program costs	261,267	425,621
Professional fees	93,752	56,031
Occupancy	87,195	81,930
Office and general	55,603	45,599
Advertising and promotion	19,864	30,481
Amortization	19,634	13,928
	<u>1,663,169</u>	<u>1,817,567</u>
Deficiency of expenditures over revenue	<u>\$ (20,084)</u>	<u>\$ (85,725)</u>



ONTARIO NONPROFIT NETWORK

Statement of Cash Flows

Year ended March 31, 2024

	2024	2023
Cash provided by (used in)		
Operating activities		
Deficiency of expenditures over revenue	\$ (20,084)	\$ (85,725)
Amortization	19,634	13,928
	(450)	(71,797)
Changes in		
Accounts receivable	(101,749)	78,463
Prepaid expenses	(45,181)	11,607
Government assistance receivable	-	3,515
Accounts payable and accrued liabilities	23,913	(12,027)
Deferred membership fees	(2,766)	6,625
Deferred conference revenue	67,620	-
Deferred grants	(8,434)	(160,422)
	(67,047)	(144,036)
Investing activities		
Purchase of Guaranteed Investment Certificate	-	(75,000)
Proceeds on redemption of Guaranteed Investment Certificate	75,000	-
Change in term deposit (net)	-	(99)
Proceeds on redemption of term deposit	16,616	-
Purchase of capital assets	(3,099)	(47,096)
	88,517	(122,195)
Change in cash position	21,470	(266,231)
Cash, beginning of year	139,381	405,612
Cash, end of year	\$ 160,851	\$ 139,381



ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2024

1. Nature of operations

Ontario Nonprofit Network ("ONN" or the "Organization") 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. The Organization continued under the Ontario Not-for-Profit Corporations Act when it came into effect on October 19, 2021.

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 by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The significant accounting policies are detailed as follows:

Use of estimates

The preparation of financial statements in accordance 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 expenditures during the reporting year. Items requiring the use of significant estimates include the valuation of accounts receivable and the useful life of capital assets. Actual results could differ from these estimates.



ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2024

2. Summary of significant accounting policies - cont'd

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.

Membership fees are recognized in the year to which they relate to. Fees received for future periods are recorded as deferred membership fees.

Events income is recognized in the year in which the event is held.

Interest income is recognized in the year it is earned.

Sponsorships and fees and other income are recognized in the year in which the service is provided and when the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance

Government assistance is recognized when received or receivable in the year the Organization meets the eligibility criteria.

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.

Investment

The investment consists of a member share paid to Alterna Savings, a Canadian financial co-operative and is measured at fair value.



ONTARIO NONPROFIT NETWORK
Notes to Financial Statements
Year ended March 31, 2024

2. Summary of significant accounting policies - cont'd

Capital assets

Purchased capital assets are recorded at acquisition cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Computer equipment	30%
Computer software / website	50%

Pension expense and obligation

The Organization is a member of a multi-employer defined benefit pension plan and therefore the Organization's only pension funding obligation is the annual contribution amount. As a result of it being a multi-employer plan, it is being accounted for as a defined contribution plan in accordance with the appropriate accounting handbook standard section 3462.110.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at amortized cost include cash, term deposit, Guaranteed Investment Certificate, and accounts receivable.

Financial assets measured at fair value include long-term investment.

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

3. Term deposit

The term deposit was invested in a redeemable bank Guaranteed Investment Certificate which was deposited with a Canadian Chartered bank. The term deposit earned interest at a rate of 0.60% per annum and matured on July 14, 2023.



ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2024

4. Guaranteed Investment Certificate

During fiscal 2023, the Organization purchased a Guaranteed Investment Certificate ("GIC") in the amount of \$75,000. The GIC was non-cashable, earned interest at a rate of 4.86%, and matured in February 2024.

5. Investment

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

6. Capital assets

	2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 18,249	\$ 12,096	\$ 6,153	\$ 5,027
Computer software / website	47,096	29,435	17,661	35,322
	<u>\$ 65,345</u>	<u>\$ 41,531</u>	<u>\$ 23,814</u>	<u>\$ 40,349</u>

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable in the amount of \$13,630 (2023 - \$Nil).

8. Deferred grants

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

	2024	2023
Balance, beginning of year	\$ 73,204	\$ 233,626
Grants received or receivable	549,884	493,499
Grants recognized as revenue in the year	(558,318)	(653,921)
Balance, end of year	<u>\$ 64,770</u>	<u>\$ 73,204</u>



ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2024

9. Board Designated Reserve

The purpose of the 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 of Directors (the "Board").

Effective March 31, 2024, the Board designated \$20,000 (2023 - \$76,000) to be transferred from the Fund to existing accumulated liquid unrestricted net assets.

10. Government grants

Various governments and government organizations approved grants to the Organization to cover specific and approved program expenditures. Such amounts included in grants revenue are as follows:

	2024	2023
Province of Ontario (Ontario Trillium Foundation)	\$ 118,815	\$ 170,821
Government of Canada	4,871	60,839
Municipality of Toronto	-	30,090
	<u>\$ 123,686</u>	<u>\$ 261,750</u>

11. Pension benefits

Included in salaries and benefits during the year is pension expense of \$28,102 (2023 - \$32,063) 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 fiscal 2019. OPTrust Select was created in 2018 to provide a defined benefit 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, 2024

12. Lease Commitment

The Organization's total base rent obligation under their current property lease agreement expiring on January 2025 is \$74,800.

13. Financial instruments risks

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, 2024, which is consistent with 2023 except for interest rate risk.

(a) 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.

(b) 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.

It is management's opinion that the Organization is not exposed to significant interest rate, currency or other price risks arising from its financial instruments.

14. Subsequent event

Subsequent to the year, the Organization received a complaint and an investigation is currently in process. The outcome of the investigation is not yet determinable and no amounts have been accrued in the financial statements.