ONTARIO NONPROFIT NETWORK

FINANCIAL STATEMENTS

MARCH 31, 2017

CONTENTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Ontario Nonprofit Network, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT, continued

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Nonprofit Network as at March 31, 2017, and 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.

Shimmerman Penn LLP

Shimmerman Penn LLP

Chartered Accountants

Licensed Public Accountants

Toronto, Canada

September 21, 2017

ONTARIO NONPROFIT NETWORK

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

		2017		2016
ASSETS				
CURRENT				
Cash	**$**	**296,402**	$	266,152
Term deposits (note 3)		**15,598**		-
Accounts receivable		**50,803**		26,337
Prepaid expenses		**3,163**		5,002
		365,966		297,491
LONG TERM				
Investment (note 4)		**15**		15
Capital assets, net of accumulated amortization (note 5)		**2,013**		1,080
Term deposits (note 3)		**-**		15,420
		2,028		16,515
	$	**367,994**	$	314,006
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**35,836**	$	26,589
Deferred grants (note 6)		**316,865**		240,020
		352,701		266,609
COMMITMENTS (note 7)				
NET ASSETS				
Unrestricted		**15,293**		47,397
	$	**367,994**	$	314,006

APPROVED ON BEHALF OF THE BOARD:

______________________________ ***Director*** ______________________________ ***Director***

See accompanying notes

ONTARIO NONPROFIT NETWORK

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2017

	2017	2016
REVENUES		
Grants	**$ 467,926**	$ 586,865
Sponsorships	**186,800**	117,400
Membership fees	**97,750**	84,600
Events	**60,239**	72,575
Fees and other income	**30,410**	33,813
Interest	**979**	1,059
	844,104	896,312
EXPENDITURES		
Salaries and benefits	**520,194**	455,275
Program costs	**219,471**	365,869
Occupancy costs	**59,100**	46,950
Professional fees	**28,668**	16,521
Office and general	**25,213**	26,382
Advertising and promotion	**23,016**	20,364
Amortization	**546**	1,305
	876,208	932,666
DEFICIENCY OF REVENUES OVER EXPENDITURES	**$ (32,104)**	$ (36,354)

See accompanying notes

ONTARIO NONPROFIT NETWORK

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2017

		2017		2016
NET ASSETS, beginning of year	**$**	**47,397**	$	83,751
Deficiency of revenues over expenditures		**(32,104)**		(36,354)
NET ASSETS, end of year	**$**	**15,293**	$	47,397

See accompanying notes

ONTARIO NONPROFIT NETWORK

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2017

		2017		2016
CASH WAS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Deficiency of revenues over expenditures	**$**	**(32,104)**	$	(36,354)
Item not affecting cash				
Amortization		**546**		1,305
		(31,558)		(35,049)
Change in non-cash operating working capital items				
Accounts receivable		**(24,466)**		62,539
Prepaid expenses		**1,839**		(1,788)
Accounts payable and accrued liabilities		**9,247**		(9,427)
		(13,380)		51,324
		(44,938)		16,275
FINANCING ACTIVITY				
Deferred grants (note 6)		**76,845**		(33,141)
INVESTING ACTIVITIES				
Purchase of capital assets		**(1,479)**		-
Term deposits		**(178)**		(420)
		(1,657)		(420)
CHANGE IN CASH POSITION		**30,250**		(17,286)
CASH, beginning of year		**266,152**		283,438
CASH, end of year	**$**	**296,402**	$	266,152

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 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 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, 2017, 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

Capital assets are removed from the accounts once they have been fully amortized and/or are no longer in use.

(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.

(g) 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.

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 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

(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 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, 2017 and bear interest at 1.15%.

4. INVESTMENT

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

5. CAPITAL ASSETS

			2017	2016
	Cost	**Accumulated amortization**	**Net**	Net
Computer equipment	**$ 4,670**	**$ 2,657**	**$ 2,013**	$ 1,080

6. DEFERRED GRANTS

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

		2017		2016
Opening balance	$	**240,020**	$	273,162
Grants received / receivable		**544,771**		553,723
Grants recognized as revenue		**(467,926)**		(586,865)
	$	**316,865**	$	240,020

7. COMMITMENTS

The organization's total base rent obligation under their current property lease agreement for 2018 is $49,250.

8. 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:

		2017		2016
Province of Ontario	$	**247,327**	$	352,393
Government of Canada		**27,030**		12,000
	$	**274,357**	$	364,393

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

		2017		2016
Province of Ontario	$	**37,980**	$	220,020
Government of Canada		**160,000**		-
	$	**197,980**	$	220,020

9. 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, 2017.

(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 customers 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 company is exposed to interest rate price risk on its fixed rate term deposit.