

ONTARIO NONPROFIT NETWORK

Financial Statements

Year ended March 31, 2023



ONTARIO NONPROFIT NETWORK
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March 31, 2023

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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, 2023, 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, 2023, 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.

Emphasis of Matter

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Organization for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 8, 2022.

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.

INDEPENDENT AUDITOR'S REPORT - cont'd

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.
- ◆ 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 7, 2023



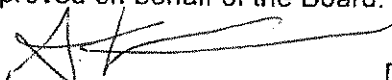
ONTARIO NONPROFIT NETWORK

Statement of Financial Position

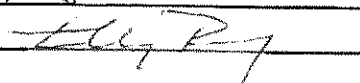
March 31, 2023

	2023	2022 <i>(As restated - Note 3)</i>
Assets		
Current		
Cash	\$ 139,381	\$ 405,612
Accounts receivable	153,162	231,625
Prepaid expenses	3,920	15,527
Term deposit (Note 4)	16,616	-
Guaranteed Investment Certificate (Note 5)	75,000	-
Government assistance receivable (Note 14)	-	3,515
	<u>388,079</u>	<u>656,279</u>
Investment (Note 6)	15	15
Term deposit (Note 4)	-	16,517
Capital assets (Note 7)	40,349	7,181
	<u>\$ 428,443</u>	<u>\$ 679,992</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 62,889	\$ 74,916
Deferred membership fees	89,883	83,258
Deferred grants (Notes 9 and 11)	73,204	233,626
	<u>225,976</u>	<u>391,800</u>
Net assets		
Unrestricted	967	10,692
Board Designated Reserve (Note 10)	201,500	277,500
	<u>202,467</u>	<u>288,192</u>
	<u>\$ 428,443</u>	<u>\$ 679,992</u>

Approved on behalf of the Board:



Director



Director

ONTARIO NONPROFIT NETWORK
Statement of Changes in Net Assets
Year ended March 31, 2023

2023			
	Unrestricted	Board Designated Reserve	Total
Balance, beginning of year			
As previously reported	\$ 93,950	\$ 277,500	\$ 371,450
Accounting change (Note 3)	(83,258)	-	(83,258)
As restated	10,692	277,500	288,192
Deficiency of revenue over expenditures	(85,725)	-	(85,725)
Interfund transfer (Note 10)	76,000	(76,000)	-
Balance, end of year	\$ 967	\$ 201,500	\$ 202,467

2022			
	Unrestricted	Board Designated Reserve	Total
Balance, beginning of year			
As previously reported	\$ 187,052	\$ 75,000	\$ 262,052
Accounting change (Note 3)	(83,258)	-	(83,258)
As restated	103,794	75,000	178,794
Excess of revenue over expenditures	109,398	-	109,398
Interfund transfer (Note 10)	(202,500)	202,500	-
Balance, end of year	\$ 10,692	\$ 277,500	\$ 288,192



ONTARIO NONPROFIT NETWORK**Statement of Operations**

Year ended March 31, 2023

	2023	2022
Revenue		
Grants (Note 11)	\$ 1,056,766	\$ 969,725
Sponsorships	312,800	219,750
Membership fees	162,925	164,002
Events	100,870	51,040
Fees and other income	97,116	123,112
Interest	1,365	1,574
	<u>1,731,842</u>	<u>1,529,203</u>
Expenditures		
Salaries and benefits (Note 12)	1,163,977	980,693
Program costs	425,621	356,462
Occupancy	81,930	69,795
Professional fees	56,031	54,752
Office and general	45,599	47,144
Advertising and promotion	30,481	11,504
Amortization	13,928	2,242
Bad debts	-	5,000
	<u>1,817,567</u>	<u>1,527,592</u>
Excess of (deficiency) revenue over expenditures from operations	(85,725)	1,611
Other income		
Government assistance (Note 14)	-	107,787
Excess of (deficiency) revenue over expenditures	<u>\$ (85,725)</u>	<u>\$ 109,398</u>

ONTARIO NONPROFIT NETWORK**Statement of Cash Flows**

Year ended March 31, 2023

	2023	2022 <i>(As restated - Note 3)</i>
Cash provided by (used in)		
Operating activities		
Excess of (deficiency) revenue over expenditures	\$ (85,725)	\$ 109,398
Amortization	13,928	2,242
	(71,797)	111,640
Changes in		
Accounts receivable	78,463	(167,052)
Prepaid expenses	11,607	(3,163)
Government assistance receivable	3,515	73,666
Accounts payable and accrued liabilities	(12,027)	30,114
Deferred membership fees	6,625	-
Deferred grants	(160,422)	(155,569)
	(144,036)	(110,364)
Investing activities		
Purchase of Guaranteed Investment Certificate	(75,000)	-
Change in term deposit (net)	(99)	(258)
Purchase of capital assets	(47,096)	(3,900)
	(122,195)	(4,158)
Change in cash position	(266,231)	(114,522)
Cash, beginning of year	405,612	520,134
Cash, end of year	\$ 139,381	\$ 405,612



ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2023

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 period. 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, 2023

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 period to which they relate to. Fees received for future periods are recorded as deferred membership fees.

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

Interest income is recognized in the period it is earned.

Sponsorships and fees and other income are recognized in the period 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.

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%



ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2023

2. Summary of significant accounting policies - cont'd

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, the term deposit, Guaranteed Investment Certificate, accounts receivables, 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.

3. Accounting change

During the year, it was determined that membership fees were being recognized in revenue when received rather than in the period they were earned. This resulted in an overstatement of opening net assets and understatement of deferred membership fees in prior years in the amount of \$83,258.

Accordingly, management recorded this correction by restating the comparative amounts in the Statement of Financial Position as at March 31, 2022. The impact of this adjustment was that net assets decreased by \$83,258 and deferred membership fees increased by \$83,258 as at April 1, 2021.

The impact of the adjustment is as follows:



ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2023

3. Accounting change - cont'd

	As previously stated	Adjustment	As restated
Deferred membership fees	\$ -	\$ 83,258	\$ 83,258
Unrestricted net assets	93,950	(83,258)	10,692

4. Term deposit

The term deposit is invested in a redeemable bank Guaranteed investment Certificate which is deposited with a Canadian Chartered bank, maturing on July 14, 2023 and bears interest at 0.60%.

5. Guaranteed Investment Certificate

The Organization purchased a Guaranteed Investment Certificate ("GIC") in the amount of \$75,000. The GIC is non-cashable, earns interest at a rate of 4.86%, and matures in February 2024.

6. Investment

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

7. Capital assets

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 15,149	\$ 10,122	\$ 5,027	\$ 7,181
Computer software / website	47,096	11,774	35,322	-
	\$ 62,245	\$ 21,896	\$ 40,349	\$ 7,181



ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2023

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable in the amount of \$Nil (2022 - \$20,487).

9. Deferred grants

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

	2023	2022
Balance, beginning of year	\$ 233,626	\$ 305,937
Grants received or receivable	493,499	592,914
Grants recognized as revenue in the year	(653,921)	(665,225)
Balance, end of year	\$ 73,204	\$ 233,626

10. 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"). The Board intends to increase the balance of the Fund over time to reach its required minimum.

Effective March 31, 2023, the Board designated \$76,000 to be transferred from the Fund to existing accumulated liquid unrestricted net assets. In fiscal 2022, the Board designated \$202,500 of existing accumulated liquid unrestricted net assets to the Fund.

11. 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:

ONTARIO NONPROFIT NETWORK

Notes to Financial Statements

Year ended March 31, 2023

11. Government grants - cont'd

	2023	2022
Province of Ontario (Ontario Trillium Foundation)	\$ 170,821	\$ 270,647
Government of Canada	60,839	89,267
Municipality of Toronto	30,090	70,764
	<u>\$ 261,750</u>	<u>\$ 430,678</u>

Included in deferred grants are the following amounts from governments:

	2023	2022
Province of Ontario (Ontario Trillium Foundation)	\$ -	\$ 92,195
Government of Canada	-	48,224
Municipality of Toronto	-	5,313
	<u>\$ -</u>	<u>\$ 145,732</u>

12. Pension benefits

Included in salaries and benefits during the year is pension expense of \$32,063 (2022 - \$21,651) 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, 2023

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, 2023.

(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.

(c) Interest rate risk

The Organization is exposed to interest rate risk. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. The Organization is exposed to interest rate risk on its term deposit and Guaranteed Investment Certificate.

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

14. Government assistance

In the prior fiscal year, the Organization applied for the following government assistance available under Canada's COVID-19 Economic Response Plan:

- (i) Canada Emergency Rent Subsidy in the amount of \$Nil (2022 - \$16,488) which was recorded in the Statement of Operations. Government assistance receivable includes an amount of \$Nil (2022 - \$310).
- (ii) Canada Emergency Wage Subsidy in the amount of \$Nil (2022 - \$91,299) which was recorded in the Statement of Operations. Government assistance receivable includes an amount of \$Nil (2022 - \$3,205).



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Notes to Financial Statements

Year ended March 31, 2023

15. Commitments

The Organization's total base rent obligation under their current property lease agreement expiring on January 2024 is \$72,000.

16. 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 results.

