

Beaver Valley Outreach

Financial Statements

For the Year Ended December 31, 2019
(Unaudited)

Beaver Valley Outreach

Financial Statements

For the Year Ended December 31, 2019
(Unaudited)

Contents

Independent Practitioner's Review Engagement Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13
Schedules	14 - 15



Tel: 705 445 4421
Fax: 705 445 6691
Toll-free: 1 800 466 8431
www.bdo.ca

BDO Canada LLP
40 Huron Street, Suite 100
Collingwood, Ontario L9Y 4R3

Independent Practitioner's Review Engagement Report

To the board of directors of Beaver Valley Outreach

We have reviewed the accompanying financial statements of Beaver Valley Outreach that comprise the statement of financial position as at December 31, 2019, the statement 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Beaver Valley Outreach derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Beaver Valley Outreach. 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 December 31, 2018 and 2019, current assets as at December 31, 2018 and 2019, and net assets as at January 1 and December 31 for both the 2018 and 2019 years. Our review conclusion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Beaver Valley Outreach as at December 31, 2019, 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.

Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario
May 7, 2020

**Beaver Valley Outreach
Statement of Financial Position
(Unaudited)**

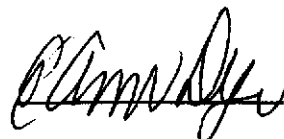
December 31	2019	2018
Assets		
Current		
Cash and bank	\$ 97,709	\$ 129,088
Temporary investments (Note 2)	144,894	96,336
Accounts receivable	43,294	89,434
Public service body rebate receivable	1,976	10,174
Prepaid expenses	-	4,616
	287,873	329,648
Capital (Note 3)	1,908,112	1,969,832
	\$ 2,195,985	\$ 2,299,480

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 42,384	\$ 47,309
Government remittances	-	12,771
Current portion of long-term debt (Note 4)	21,007	21,007
	63,391	81,087
Long-term debt (Note 4)	77,433	267,609
	140,824	348,696
Net Assets		
Operating Fund	100,595	173,232
Invested in Capital Assets	1,809,672	1,681,216
Sustainability/Property Fund	144,894	96,336
	2,055,161	1,950,784
	\$ 2,195,985	\$ 2,299,480

Approved on behalf of the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

Beaver Valley Outreach
Statement of Changes in Net Assets
(Unaudited)

For the year ended December 31	Operating Fund	Invested in Capital Assets	Sustainability/ Property Fund	2019 Total	2018 Total
Balance, beginning of the year	\$ 173,232	\$ 1,681,216	\$ 96,336	\$ 1,950,784	\$ 1,380,960
Excess of revenues over expenses	104,377	-	-	104,377	569,824
Amortization of capital assets	75,142	(75,142)	-	-	-
Repayment of long-term debt	(190,176)	190,176	-	-	-
Purchase of capital assets	(13,422)	13,422	-	-	-
Transfer between funds	(48,558)	-	48,558	-	-
Balance, end of the year	\$ 100,595	\$ 1,809,672	\$ 144,894	\$ 2,055,161	\$ 1,950,784

The accompanying notes are an integral part of these financial statements.

**Beaver Valley Outreach
Statement of Operations
(Unaudited)**

For the year ended December 31	2019	2018
Revenues		
Program (Schedule 1)	\$ 348,494	\$ 514,941
Preschool (Schedule 2)	418,967	498,178
Treasure Shop	372,914	282,337
Member fees	210	210
Other revenue	5,781	4,376
	<u>1,146,366</u>	<u>1,300,042</u>
Expenses		
Administration	5,112	3,970
Advertising and promotion	1,408	7,553
Amortization of capital assets	75,142	55,505
Bank charges	2,743	3,172
Communications	17,305	18,267
Insurance	5,894	7,611
Interest on long-term debt	11,960	25,635
Professional development	197	835
Professional fees	19,238	26,967
Repairs and maintenance	15,105	14,986
Supplies	7,076	11,665
Technical equipment and maintenance	4,926	7,693
Telephone	5,294	3,520
Treasure Shop	19,282	16,972
Utilities	5,090	12,304
Volunteer	25,651	15,843
Program (Schedule 1)	398,025	417,250
Preschool (Schedule 2)	424,820	444,668
	<u>1,044,268</u>	<u>1,094,416</u>
Excess of revenues over expenses from operations	102,098	205,626
Other income		
Dividends	-	28
Gain on sale of land and building	-	360,468
Interest	2,279	3,702
	<u>2,279</u>	<u>3,702</u>
Excess of revenues over expenses	\$ 104,377	\$ 569,824

The accompanying notes are an integral part of these financial statements.

Beaver Valley Outreach Statement of Cash Flows (Unaudited)

For the year ended December 31	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses	\$ 104,377	\$ 569,824
Items not affecting cash:		
Amortization of capital assets	75,142	55,505
Gain on sale of land and building	-	(360,468)
	179,519	264,861
Changes in non-cash working capital:		
Accounts receivable	46,140	(55,554)
Public service body rebate receivable	8,198	-
Prepaid expenses	4,616	737
Accounts payable and accrued liabilities	(4,925)	18,088
Government remittances	(12,771)	-
	220,777	228,132
Cash flows from investing activities		
Purchase of investments	(48,558)	-
Proceeds on disposal of investments	-	261,970
Purchase of computer equipment	-	(14,670)
Purchase of office equipment	(6,729)	(8,149)
Purchase of signage	(1,028)	(4,360)
Purchase of leasehold improvements	-	(13,051)
Purchase of building improvements	(5,665)	(894,787)
Proceeds on sale of land and building (net)	-	719,065
	(61,980)	46,018
Cash flows from financing activities		
Repayment of long-term debt	(190,176)	(427,323)
Net decrease in cash and bank	(31,379)	(153,173)
Cash and bank, beginning of the year	129,088	282,261
Cash and bank, end of the year	\$ 97,709	\$ 129,088

The accompanying notes are an integral part of these financial statements.

**Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)**

December 31, 2019

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The organization is a not-for-profit organization incorporated without share capital under the laws of Ontario. The organization is a registered charity and is exempt from income tax and may issue income tax receipts to donors.</p> <p>The organization is a community-based organization of staff and volunteers that provide quality programs and services to enhance the social, economic, and environmental well-being of people in their community.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Fund accounting	<p>Beaver Valley Outreach follows the deferral method of accounting for contributions and uses fund accounting. They have three funds, the Sustainability/Property Fund, the Operating Fund and the Capital Asset Fund.</p> <p>The Sustainability/Property Fund was created for the investment in longer term GICs for sustainability of the organization and for future expansion and/or renovations and capital repairs to the organization's buildings.</p> <p>The Operating Fund reports resources available for Beaver Valley Outreach's program delivery. This fund reports unrestricted resources.</p> <p>The Capital Asset Fund reports those long-term assets used in operations net of related liabilities.</p>

**Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)**

December 31, 2019

1. Significant Accounting Policies (continued)

Revenue Recognition Beaver Valley Outreach follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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

Revenue from Treasure Shop is recognized when the significant risks and rewards of ownership are transferred to the customer, which generally coincides with the time of purchase at the store. Revenue is recorded net of allowable discounts and rebates.

Revenue from program fees and preschool are recognized at the time the service is delivered.

Capital Assets Purchased capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the capital asset are capitalized.

Construction in progress is not amortized until the capital asset is substantially complete and ready for use.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Declining balance	4%
Office equipment	Declining balance	20%
Signage	Declining balance	20%
Computer equipment	Declining balance	55%
Leasehold improvements	Straight line	5 years

Contributed Materials and Services Due to the difficulty in determining the fair value of materials contributed to the organization they are not recognized in the financial statements.

The organization utilizes a large amount of volunteer hours to support its programs and services. The value of this contributed time is not reflected in these financial statements.

**Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)**

December 31, 2019

1. Significant Accounting Policies (continued)

Financial Instruments	Financial Instruments are recorded at fair market value when acquired or issued. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.
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 at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results will differ from management's best estimates as additional information becomes available in the future. Key estimates include allowance for doubtful accounts and amortization of capital assets.

**Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)**

December 31, 2019

2. Temporary Investments

The carrying amounts of investments are comprised of the following:

	2019	2018
At fair market value:		
TD Wealth, 1 to 3 year Guaranteed Investment Certificates, interest ranging from 2.16% to 2.28%, maturing on March 2020 to May 2021	\$ 94,894	\$ 96,336
TD Wealth, Canadian money market mutual fund, 1.6% interest per annum	50,000	-
	\$ 144,894	\$ 96,336

3. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 386,000	\$ -	\$ 386,000	\$ -
Building	621,928	60,222	621,928	36,818
Building improvements	985,269	60,857	979,839	22,931
Computer equipment	18,648	13,278	18,648	6,714
Office equipment	24,428	7,004	17,699	3,489
Leasehold improvements	13,051	3,915	13,051	1,305
Signage	5,388	1,324	4,360	436
	\$ 2,054,712	\$ 146,600	\$ 2,041,525	\$ 71,693
		\$ 1,908,112		\$ 1,969,832

**Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)**

December 31, 2019

4. Long-term Debt

	2019	2018
Loan payable to TD Canada Trust, repayable in monthly installments of \$1,750 plus floating monthly interest at TD prime plus 0.90%, maturing on April 3, 2022, secured by general security agreement, continuing collateral mortgage and assignment of fire insurance on the building	\$ 98,440	\$ 288,616
Less: current portion	(21,007)	(21,007)
	\$ 77,433	\$ 267,609

Principal repayments on long-term debt over the next three years are as follows:

2020	\$	21,007	
2021		21,007	
2022		56,426	
	\$	98,440	

Beaver Valley Outreach has made additional payments in excess of the stated repayment terms during the year.

**Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)**

December 31, 2019

5. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Beaver Valley Outreach is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. Beaver Valley Outreach's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable, government remittances and holding all bank accounts with one financial institution where deposits are only insured up to \$100,000.

Liquidity risk

Liquidity risk is the risk that Beaver Valley Outreach will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, Beaver Valley Outreach will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Beaver Valley Outreach is exposed to this risk mainly in respect of its accounts payable and mortgage loan.

Beaver Valley Outreach's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

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 market interest rates. Beaver Valley Outreach is exposed to interest rate risk on its floating interest on the long-term debt and investments.

A portion of Beaver Valley Outreach's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

Beaver Valley Outreach's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. Treasury risk management policies specify various investment parameters including eligible types of investment, maximum maturity dates, maximum exposure by counterparties and maximum credit ratings.

Beaver Valley Outreach mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

**Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)**

December 31, 2019

6. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. The organization provides various child care services which have been suspended due to government mandates. The organization also operates a second hand goods store that is dependent upon donations from the public which will be significantly altered as a result of the social distancing suggestions of the federal, provincial and municipal governments. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and related financial impact cannot be reasonably estimated at this time. The organization's ability to continue to service debt and other obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

7. Comparative Information

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

Beaver Valley Outreach
Schedule 1 - Program Revenues and Expenses
(Unaudited)

For the year ended December 31	2019	2018
Revenues		
Affordable Housing	\$ 18,000	\$ 20,000
Breakfast Club	6,058	5,338
Donations	82,779	197,085
Emergency services	8,497	14,354
Good Food Box	6,954	6,904
Kid's Club	81,809	81,308
ODD Shop	7,971	100
Ontario Early Years	30,947	25,851
Recreational funding	1,700	5,700
Special events	6,896	77,316
Summer day camp	96,883	80,985
	348,494	514,941
Expenses		
Affordable Housing	15,787	17,801
Breakfast Club	9,338	6,489
Christmas hampers	33,860	17,009
Emergency services	25,074	28,498
Good Food Box	7,458	6,992
Kid's Club	49,473	67,831
ODD Shop	438	1,013
Ontario Early Years	24,766	22,975
Recreational funding	6,390	16,003
Seniors	18,593	20,478
Special events	12,652	20,687
Summer day camp	48,580	42,816
Wages and benefits	132,538	139,183
Youth	13,078	9,475
	398,025	417,250
	\$ (49,531)	\$ 97,691

Beaver Valley Outreach
Schedule 2 - Preschool Revenues and Expenses
(Unaudited)

<u>For the year ended December 31</u>	<u>2019</u>	<u>2018</u>
Revenues		
General operating grant	\$ 55,140	\$ 65,206
Donations	-	700
Parent fees	261,768	248,573
Subsidies	78,788	117,044
Other	23,271	66,655
	<u>418,967</u>	<u>498,178</u>
Expenses		
Advertising	173	25
Cleaning	4,190	3,662
Food	21,555	20,338
Insurance	3,258	-
Meetings and conventions	2,166	738
Repairs and maintenance	8,121	12,849
Wages and benefits	370,050	385,641
Supplies	7,191	9,765
Telephone	1,026	1,020
Utilities	7,090	10,630
	<u>424,820</u>	<u>444,668</u>
	<u>\$ (5,853)</u>	<u>\$ 53,510</u>