

Beaver Valley Outreach
Financial Statements
For the Year Ended December 31, 2021
(Unaudited)

Beaver Valley Outreach
Financial Statements
For the Year Ended December 31, 2021
(Unaudited)

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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, 2021, 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.

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.



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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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our review conclusion on the financial statements for the year ended December 31, 2020 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, 2021, 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
March 28, 2022

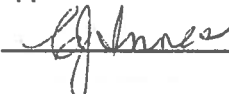
**Beaver Valley Outreach
Statement of Financial Position
(Unaudited)**

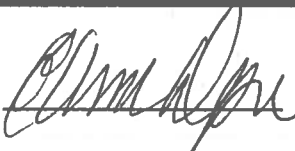
December 31	2021	2020
Assets		
Current		
Cash and bank	\$ 209,622	\$ 128,989
Temporary investments (Note 2)	334,048	331,454
Accounts receivable	120,361	32,682
Public service body rebate	3,081	3,654
Prepaid expenses	1,011	-
	668,123	496,779
Capital (Note 3)	1,791,443	1,860,395
	\$ 2,459,566	\$ 2,357,174

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 72,966	\$ 70,203
Government remittances	15,412	13,261
Deferred revenue	6,520	7,328
Deferred contributions related to capital assets (Note 4)	2,100	2,700
Current portion of long-term debt (Note 5)	-	21,007
	96,998	114,499
Long-term debt (Note 5)	-	57,264
	96,998	171,763
Net Assets		
Operating Fund	237,077	71,833
Capital Asset Fund	1,791,443	1,782,124
Sustainability Fund	225,000	281,454
Property Fund	109,048	50,000
	2,362,568	2,185,411
	\$ 2,459,566	\$ 2,357,174

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	Capital Asset Fund	Sustainability Fund	Property Fund	2021 Total	2020 Total
Balance, beginning of the year	\$ 71,833	\$ 1,782,124	\$ 281,454	\$ 50,000	\$ 2,185,411	\$ 2,055,161
Excess of revenues over expenses	177,157	-	-	-	177,157	130,250
Amortization of capital assets	68,953	(68,953)	-	-	-	-
Repayment of long-term debt	(78,272)	78,272	-	-	-	-
Transfer between funds	(2,594)	-	(56,454)	59,048	-	-
Balance, end of the year	\$ 237,077	\$ 1,791,443	\$ 225,000	\$ 109,048	\$ 2,362,568	\$ 2,185,411

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

Beaver Valley Outreach
Statement of Operations
(Unaudited)

For the year ended December 31	2021	2020
Revenues		
Program (Schedule 1)	\$ 397,257	\$ 416,913
Preschool (Schedule 2)	494,177	261,452
Treasure Shop	209,739	176,559
Grant income and other revenue	1,663	35,106
	<u>1,102,836</u>	<u>890,030</u>
Expenses		
Administration	3,000	4,063
Advertising and promotion	-	260
Amortization of capital assets	68,952	72,008
Bank charges	2,957	3,055
Communications	17,611	15,591
Health and safety	3,574	4,322
Insurance	6,080	6,144
Interest on long-term debt	2,316	3,315
Professional development	308	490
Professional fees	13,937	13,667
Repairs and maintenance	32,447	11,979
Supplies	10,735	6,991
Technical equipment and maintenance	6,642	8,730
Telephone	3,356	3,373
Volunteer	929	1,068
Treasure Shop	101,864	85,081
Utilities	5,208	4,310
Program (Schedule 1)	395,415	353,856
Preschool (Schedule 2)	421,447	384,995
	<u>1,096,778</u>	<u>983,298</u>
Excess (deficiency) of revenues over expenses from operations	<u>6,058</u>	<u>(93,268)</u>
Other income		
Government assistance (Note 6)	167,905	221,370
Deferred capital contribution	600	300
Interest	2,594	1,848
	<u>171,099</u>	<u>223,518</u>
Excess of revenues over expenses	<u>\$ 177,157</u>	<u>\$ 130,250</u>

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	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 177,157	\$ 130,250
Items not affecting cash:		
Amortization of capital assets	68,952	72,008
	<u>246,109</u>	<u>202,258</u>
Changes in non-cash working capital:		
Accounts receivable	(87,679)	10,612
Public service body rebate receivable	573	(1,678)
Prepaid expenses	(1,011)	-
Accounts payable and accrued liabilities	2,763	27,819
Government remittances	2,151	13,261
Deferred revenue	(808)	7,328
	<u>162,098</u>	<u>259,600</u>
Cash flows from investing activities		
Purchase of investments	(2,594)	(186,560)
Deferred contributions related to capital assets	(600)	2,700
Purchase of computer equipment	-	(4,591)
Purchase of office equipment	-	(2,763)
Purchase of signage	-	(6,926)
Purchase of leasehold improvements	-	(3,363)
Purchase of building improvements	-	(6,648)
	<u>(3,194)</u>	<u>(208,151)</u>
Cash flows from financing activities		
Repayment of long-term debt	(78,271)	(20,169)
	<u>(78,271)</u>	<u>(20,169)</u>
Net increase in cash and bank	80,633	31,280
Cash and bank, beginning of the year	<u>128,989</u>	<u>97,709</u>
Cash and bank, end of the year	<u>\$ 209,622</u>	<u>\$ 128,989</u>

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

Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)

December 31, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization Beaver Valley Outreach (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.

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.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting The organization follows the deferral method of accounting for contributions and uses fund accounting. They have four funds, the Operating Fund, Capital Asset Fund, Sustainability Fund and the Property Fund.

The Operating Fund reports resources available for the organization's program delivery. This fund reports unrestricted resources.

The Capital Asset Fund reports those long-term assets used in operations net of related liabilities.

The Sustainability Fund was created for the investment in longer term GICs for unexpected situations requiring funding that cannot be handled through normal operating revenues.

The Property Fund was created to fund future expansion and/or renovations and capital repairs to the organization's buildings.

continued

Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)

December 31, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition The organization 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.

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.

continued

Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)

December 31, 2021

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.

2. Temporary Investments

The carrying amounts of investments at fair market value are comprised of the following:

	<u>2021</u>	<u>2020</u>
TD Wealth Guaranteed Investment Certificates, 1 to 2 years, 1.57% to 2.28% interest rate, matured March to May 2021	\$ -	\$ 69,140
TD Wealth Canadian money market mutual fund, 0.25% interest per annum	<u>334,048</u>	<u>262,314</u>
	<u>\$ 334,048</u>	<u>\$ 331,454</u>

Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)

December 31, 2021

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 386,000	\$ -	\$ 386,000	\$ -
Building	621,928	104,260	621,928	82,691
Building improvements	991,917	133,725	991,917	97,967
Computer equipment	23,239	20,654	23,239	17,494
Office equipment	27,191	14,050	27,191	10,765
Leasehold improvements	16,414	10,145	16,414	6,862
Signage	12,314	4,726	12,314	2,829
	\$ 2,079,003	\$ 287,560	\$ 2,079,003	\$ 218,608
		\$ 1,791,443		\$ 1,860,395

4. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represents the unamortized portion of restricted contributions used for capital asset purchases.

	2021	2020
Balance, beginning of year	\$ 2,700	\$ -
Restricted contributions received	-	3,000
Deferred contributions amortized	(600)	(300)
Balance, end of year	\$ 2,100	\$ 2,700

5. Long-term Debt

	2021	2020
Loan payable to TD Canada Trust, repayable in monthly installments of \$1,750 plus floating monthly interest of prime plus 0.90%, repaid during the year	\$ -	\$ 78,271
Less: current portion	-	(21,007)
	\$ -	\$ 57,264

Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)

December 31, 2021

6. Government Assistance

During the year the organization received \$167,905 (2020 - \$221,370) in financial assistance through the government provided Canada Emergency Wage Subsidy program.

7. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the ("COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The global pandemic has disrupted economic activities and supply chains and the full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

The organization's ability to continue to service debt and meet other obligations as they come due is dependent on the continued ability to generate earnings and cash flows, including the use of existing credit facilities. Management believes the necessary steps have been taken to protect the continuity of the organization and are monitoring the crisis daily.

Beaver Valley Outreach
Notes to Financial Statements
(Unaudited)

December 31, 2021

8. 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. The organization 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. The organization'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 the organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization 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. The organization is exposed to this risk mainly in respect of its accounts payable and mortgage loan.

The organization'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. The organization is exposed to interest rate risk on its floating interest on the long-term debt and investments.

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

The organization'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.

The organization 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
Schedule 1 - Program Revenues and Expenses
(Unaudited)

For the year ended December 31	2021	2020
Revenues		
Affordable Housing	\$ 15,500	\$ 17,000
Breakfast Club	2,353	6,746
Community Garden	17,880	1,180
Donation revenue	155,927	220,594
EarlyON	24,023	13,805
Emergency Services	11,481	36,414
Fresh Food Basket	500	5,180
Fundraising	40,450	26,472
Kid's Club	30,984	40,245
New Territory for Seniors & Answers4Seniors	25,671	10,978
Recreational Funding	6,000	9,300
Special Events	17,311	13,944
Summer Day Camp	49,177	15,055
	<u>397,257</u>	<u>416,913</u>
Expenses		
Affordable Housing	13,600	14,701
Breakfast Club	6,339	3,128
Christmas Hampers	36,800	47,831
Community Funding	530	2,317
Community Garden	14,240	3,067
EarlyON	23,275	11,561
Emergency Services	20,520	29,097
Fresh Food Basket	1,061	3,496
Fundraising	4,861	3,983
Kid's Club	16,370	20,581
Seniors	21,137	14,329
Recreational Funding	6,540	4,720
Special Events	533	-
Summer Day Camp	31,962	22,795
Youth	6,537	6,882
Wages and benefits	191,110	165,368
	<u>395,415</u>	<u>353,856</u>
	<u>\$ 1,842</u>	<u>\$ 63,057</u>

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

For the year ended December 31	2021	2020
Revenues		
General operating grant	\$ 145,056	\$ 80,955
Donations	8,558	-
Parent fees	221,135	123,847
Subsidies	98,180	43,686
Other	21,248	12,964
	<u>494,177</u>	<u>261,452</u>
Expenses		
Bad debt	-	2,368
Cleaning	6,206	3,390
Food	17,083	9,077
Insurance	2,008	2,049
Professional development	2,670	746
Repairs and maintenance	6,301	6,381
Supplies	11,966	11,609
Telephone	2,426	1,586
Utilities	7,965	5,582
Wages and benefits	364,822	342,207
	<u>421,447</u>	<u>384,995</u>
	<u>\$ 72,730</u>	<u>\$ (123,543)</u>