

PAL Ottawa
Financial Statements
December 31, 2018

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Independent Auditor's Report

To the members of PAL Ottawa;

Qualified Opinion

We have audited the accompanying financial statements of PAL Ottawa, which comprise the statement of financial position as at December 31, 2018, and the statement of operations and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of PAL Ottawa as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, PAL Ottawa derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of PAL Ottawa. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenditures and cash flows from operations for the year ended December 31, 2018, current assets as at December 31, 2018, and net assets balances as at January 1 and December 31 for both the 2018 and 2017 years.

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 PAL Ottawa 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 qualified audit opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the Organization did not previously record a donation received in 2017. The correction of this error has resulted in an increase to donations revenue, excess of revenues over expenses and net assets of \$10,000 for the year ended December 31, 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was not modified as a result.

The previous report dated August 1, 2019 is being replaced by the current report, also dated August 1, 2019 as a result of modifying the wording of the previous paragraph to include that our audit opinion on the financial statements was not modified as a result of the correction of an error.

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 PAL Ottawa'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 PAL Ottawa or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing PAL Ottawa'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.
- 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 PAL Ottawa'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 PAL Ottawa'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 PAL Ottawa 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.

LLH Accounting Professional Corporation

Chartered Professional Accountants,
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Canada
August 1, 2019

PAL Ottawa
Statement of Operations
 Year ended December 31, 2018

	2018	2017
	\$	\$
Revenues		
Memberships	1,646	1,619
Fundraising events	4,000	4,350
Donations	18,974	20,047
Grants (Note 4)	4,690	5,310
Interest	219	104
	<u>29,529</u>	<u>31,430</u>
Expenses		
Program expenses (Schedule A)	11,865	7,031
Members, communications and outreach (Schedule B)	6,630	2,179
Fundraising expenses		378
General and administrative expenses (Schedule C)	9,182	10,227
	<u>27,677</u>	<u>19,815</u>
Excess of revenues over expenses	<u>1,852</u>	<u>11,615</u>

The accompanying notes and schedules are an integral part of the financial statements.

PAL Ottawa
Statement of Changes in Net Assets
Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
Net assets, as previously reported	40,009	38,394
Correction of an error (Note 2)	<u>10,000</u>	
Net assets, as restated	50,009	38,394
Excess of revenues over expenses	<u>1,852</u>	<u>11,615</u>
Net assets, end of year	<u><u>51,861</u></u>	<u><u>50,009</u></u>

The accompanying notes and schedules are an integral part of the financial statements.

PAL Ottawa
Statement of Cash Flows
Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<i>OPERATING ACTIVITIES</i>		
Excess of revenues over expenses	1,852	11,615
Changes in working capital items		
Accounts receivable	3,726	(4,800)
Accounts payable	10,403	(120)
Deferred contributions	<u>4,997</u>	<u>4,521</u>
Cash flows from operating activities	<u>20,978</u>	<u>11,216</u>
<i>INVESTING ACTIVITIES</i>		
Term deposit and cash flows from investing activities	<u>(29,000)</u>	
Net increase (decrease) in cash	(8,022)	11,216
Cash, beginning of year	<u>50,558</u>	<u>39,342</u>
Cash, end of year	<u>42,536</u>	<u>50,558</u>

The accompanying notes and schedules are an integral part of the financial statements.

PAL Ottawa
Statement of Financial Position

December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
ASSETS		
Current		
Cash	42,536	50,558
Term deposit, 1.1%	29,000	
Accounts receivable (Note 5)	<u>1,718</u>	<u>5,444</u>
Total assets	<u><u>73,254</u></u>	<u><u>56,002</u></u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	10,983	580
Deferred contributions (Note 6)	<u>10,410</u>	<u>5,413</u>
	21,393	5,993
Net assets	<u><u>51,861</u></u>	<u><u>50,009</u></u>
Total liabilities and net assets	<u><u>73,254</u></u>	<u><u>56,002</u></u>

The accompanying notes and schedules are an integral part of the financial statements.

On behalf of the Board,

 Director

 Director

PAL Ottawa
Notes to Financial Statements
Year ended December 31, 2018

1 - NATURE OF OPERATIONS

PAL Ottawa (the "Organization") was incorporated without share capital on June 18, 2012 under the Canada Not-for-profit Corporations Act and is a registered charity that is exempt from income tax under the Income Tax Act. Its purpose is to provide senior members of the Capital Region's arts community with essentials such as personal care services, links to the local arts community and affordable housing so that they may live with dignity within a caring community.

2 - CORRECTION OF AN ERROR

During the course of the audit, it was noted that a donation received in 2017 was incorrectly recorded as revenue in 2018. The correction of this error has resulted in an increase in donations revenue, excess of revenues over expenses and net assets as at December 31, 2017 of \$10,000.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

Accounting estimates

When preparing financial statements according to ASNPO, the Organization makes estimates and assumptions relating to the reported amounts of assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the membership fees payable.

Revenue recognition

The Organization follows the deferral method of accounting for revenue. Grants officially approved by the funding agency but not received at the end of the period are recorded as accounts receivable. When a grant relates to a future period, the amount is deferred and recognized in the period in which the related expenses are incurred.

Membership fees are recognized as revenue on a straight-line basis over the twelve-month period in which the related services are provided. Amounts collected in advance are shown as deferred contributions.

Fundraising revenues are recognized as revenue when the event has occurred, the amount can be estimated and collection is reasonably assured.

Donations and interest revenue are recognized as revenue when received.

Financial assets and liabilities

All assets and liabilities are financial instruments, and are initially recorded at fair value and are subsequently carried at amortized cost (including any impairment in the case of financial assets).

The financial assets measured at amortized cost include cash, term deposits and supporter receivables.

The financial liabilities measured at amortized cost are accounts payable.

4 - GOVERNMENT ASSISTANCE

Grant revenue has all been received from the Community Foundation of Ottawa.

5 - TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Supporters		4,004
Sales tax receivable	1,718	1,440
	<u>1,718</u>	<u>5,444</u>

PAL Ottawa
Notes to Financial Statements
Year ended December 31, 2018

6 - DEFERRED CONTRIBUTIONS

	2018			2017
	Grants	Memberships	Building Fund	Total
	\$	\$	\$	\$
Opening balance	4,690	723		5,413
Amounts received during the year		1,825	9,508	11,333
Recognized as revenue	(4,690)	(1,646)		(6,336)
Ending balance		902	9,508	10,410

	2017		2016
	Grants	Memberships	Total
	\$	\$	\$
Opening balance		892	892
Amounts received during the year	10,000	1,450	11,450
Recognized as revenue	(5,310)	(1,619)	(6,929)
Ending balance	4,690	723	5,413

7 - FINANCIAL INSTRUMENTS

Financial risks

The Organization's main financial risk exposure are as follows:

Credit risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Organization places its cash with high quality institutions and believes its exposure is not significant. The Organization establishes allowances for doubtful accounts while keeping in mind the specific credit risk of specific trade receivables, their historic tendencies and the economic situation.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they become due. The Organization is exposed to this risk mainly in respect of its accounts payable and believes its exposure is not significant. The Organization's ability to meet obligations depends on the receipt of funds from its operations.

8 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

PAL Ottawa
Schedules

Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
Schedule A - Program expenses		
Drivers	187	229
Housing project consulting	8,278	5,310
Office expenses	88	
Project management	3,312	375
Training		1,117
	<u>11,865</u>	<u>7,031</u>
 Schedule B - Members, communication and outreach		
Advertising and promotion		1,129
Meetings		376
Office expenses		674
Outreach co-ordinator	6,630	
	<u>6,630</u>	<u>2,179</u>
 Schedule C - General and administrative expenses		
Office administrator	5,389	6,088
Interest and bank charges	130	318
Office expenses	100	1,420
Professional fees	473	
Memberships, dues and licenses	1,285	830
Insurance	1,632	1,495
Meetings	173	76
	<u>9,182</u>	<u>10,227</u>
