

FINANCIAL STATEMENTS
For
**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
FONDATION DE LCO POUR DES COMMUNAUTÉS SAINES**
For year ended
DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of

**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
FONDATION DE LCO POUR DES COMMUNAUTÉS SAINES**

Qualified Opinion

We have audited the financial statements of OCH Foundation For Healthy Communities/Fondation de LCO pour des communautés saines (the Foundation), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in net assets and 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 possible 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 the Foundation 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.

Basis for Qualified Opinion

In common with similar charitable organizations, the Foundation derives revenue from donations and fundraising activities, 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 the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to restricted program revenue, unrestricted program 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 audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

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

Those charged with governance are responsible for overseeing the Foundation'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 the Foundation'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 Foundation'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 Foundation 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.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
April 19, 2022.

**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
FONDATION DE LCO POUR DES COMMUNAUTÉS SAINES**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 505,340	\$ 435,317
Accounts receivable	24,585	85,375
Prepaid expenses	<u>1,175</u>	<u>1,152</u>
	<u>\$ 531,100</u>	<u>\$ 521,844</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 21,692	\$ 20,173
Due to Ottawa Community Housing Corporation (note 4)	152,728	97,479
Deferred contributions (note 5)	<u>214,913</u>	<u>261,314</u>
	389,333	378,966
CEBA LOAN (note 8)	<u>40,000</u>	<u>40,000</u>
	429,333	418,966
NET ASSETS		
Unrestricted net assets	<u>101,767</u>	<u>102,878</u>
	<u>\$ 531,100</u>	<u>\$ 521,844</u>

Approved by the Board:

WAYNE FRENCH
..... Director

MELISSA REEVES
..... Director

(See accompanying notes)

**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
FONDATION DE LCO POUR DES COMMUNAUTÉS SAINES**

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Restricted program revenue	\$ 101,869	\$ 127,852
Unrestricted program revenue	555,607	583,557
Interest income	824	51
Government contribution (note 7)	<u>69,050</u>	<u>123,698</u>
	<u>727,350</u>	<u>835,158</u>
Expenses		
Program delivery	481,883	525,866
Operations staffing costs	215,277	235,092
Operating expenses	23,009	22,246
Board of director expenses	<u>8,292</u>	<u>8,092</u>
	<u>728,461</u>	<u>791,296</u>
Excess of revenue over expenses (expenses over revenue)	(1,111)	43,862
Net assets, beginning of year	<u>102,878</u>	<u>59,016</u>
Net assets, end of year	<u>\$ 101,767</u>	<u>\$ 102,878</u>

(See accompanying notes)

**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
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**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Cash flows from (used in):		
Operating activities		
Excess of revenue over expenses (expenses over revenue)	\$ (1,111)	\$ 43,862
Forgivable portion of CEBA loan	<u>-</u>	<u>(20,000)</u>
	(1,111)	23,862
Changes for non-cash components of working capital:		
Accounts receivable	60,790	38,312
Prepaid expenses	(23)	(7)
Accounts payable and accrued liabilities	1,519	6,801
Due from Ottawa Community Housing Corporation	55,249	(10,980)
Deferred contributions	<u>(46,401)</u>	<u>224,214</u>
	<u>70,023</u>	<u>282,202</u>
Financing activities		
CEBA loan proceeds	<u>-</u>	<u>60,000</u>
Increase in cash	70,023	342,202
Cash at beginning of year	<u>435,317</u>	<u>93,115</u>
Cash at end of year	<u>\$ 505,340</u>	<u>\$ 435,317</u>

(See accompanying notes)

**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
FONDATION DE LCO POUR DES COMMUNAUTÉS SAINES**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. PURPOSE OF ORGANIZATION

OCH Foundation For Healthy Communities ("the Foundation") was incorporated on March 26, 2012 under the Canada Not-for-Profit Corporations Act and is a registered charity under the Income Tax Act.

The purpose of the Foundation is to bring together the people and resources to inspire and empower Ottawa Community Housing Corporation ("OCH") tenants to achieve personal success. This will include an educational bursary, awards and scholarship program, youth leadership programming, and mentorship programs. A particular focus will be placed on supporting low-income housing tenants to better their financial and personal situations through the advancement of their education. This will also include job readiness/access programs, mentorship programs and community health and wellness initiatives.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and consist of the following significant accounting policies:

a) Accrual basis of accounting

Revenue and expenses are recorded on the accrual basis, whereby they are reflected in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

b) Financial instruments

Financial assets and financial liabilities are initially measured at fair value and subsequently measured at cost or amortized cost.

c) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

d) Contributed services

In-kind contributed materials and volunteer services are recognized in the financial statements only when the fair value of the related materials and services can be determined. During the year, the Foundation did not recognize any in-kind donations in these financial statements.

e) 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes estimates in determining the collectibility of its accounts receivable, the amount of its accrued liabilities, and the allocation of general support salaries and benefits to programs. Actual results could differ from these estimates.

**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
FONDATION DE LCO POUR DES COMMUNAUTÉS SAINES**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at December 31, 2021.

The Foundation does not use derivative financial instruments to manage its risks.

Credit risk

The Foundation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Foundation's maximum exposure to credit risk represents the sum of its cash and accounts receivable balances. The Foundation's cash is deposited with a Canadian chartered bank and as a result, management believes the risk of loss on this item to be remote. The amounts receivable include a sales tax refund and amounts due from funders. Management believes that these amounts are collectible.

Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they become due. The Foundation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

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 is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Foundation's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

The Foundation does not have any interest bearing financial instruments therefore, the Foundation is not exposed to interest rate risk.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Since the Foundation does not have any investments in publicly traded securities, it is not exposed to other price risk.

Changes in risk

There are no significant changes in risk exposure from the previous year.

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NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

4. OTTAWA COMMUNITY HOUSING CORPORATION

Until the desired fundraising efforts are achieved, the Foundation is economically dependent on Ottawa Community Housing Corporation ("OCH"). During the year, the Foundation received \$145,000 (2020 - \$145,000) from OCH to fund programs such as Scholarships and Youth Futures. During the year, OCHF transferred \$85,000 to OCH for renovations related to the *Creating an inclusive and accessible community hub in Ottawa* project. This project aims to provide the community with a space that is accessible and barrier free. The project is to take place between 2021 to 2023.

At year end the Foundation owed \$152,728 (2020 - \$97,479) to OCH for net expenses paid on behalf of the Foundation. This amount payable is non-interest bearing, with no specific terms of repayment. These transactions occurred at the exchange amount, which is the amount agreed upon by both parties.

5. DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent amounts. The deferred contribution activity can be summarized as follows:

	<u>Other Deferred</u>	<u>Strathcona Tigers Initiative</u>	<u>Donor Advised Fund</u>	<u>Rec Link Program</u>	<u>Michaelle Jean Foundation</u>	<u>Total</u>
Balance, December 31, 2020	\$ 27,000	\$ 2,489	\$ 5,225	\$ 186,700	\$ 39,900	\$ 261,314
Amounts received in year	32,833	-	428	74,607	3,524	111,392
Amounts expended in year	<u>(13,296)</u>	<u>-</u>	<u>-</u>	<u>(135,932)</u>	<u>(8,565)</u>	<u>(157,793)</u>
Balance, December 31, 2021	<u>\$ 46,537</u>	<u>\$ 2,489</u>	<u>\$ 5,653</u>	<u>\$ 125,375</u>	<u>\$ 34,859</u>	<u>\$ 214,913</u>

6. ALLOCATED EXPENSES

During the year, the Foundation allocated general support salaries and benefits of \$111,245 (2020 - \$81,392) to program delivery, using management's best estimate of time spent on projects.

7. GOVERNMENT CONTRIBUTIONS

In March of 2020, the Government of Canada announced that they would be providing emergency funding in response to measures various businesses were required to take regarding the spread of the COVID-19 pandemic.

The amount of subsidies attributable to the Foundation's December 31, 2021 fiscal year are reported below:

	<u>2021</u>	<u>2020</u>
Canada Emergency Wage Subsidy (CEWS) program	\$ 58,037	\$ 103,698
Canada Emergency Business Account (CEBA) - forgivable portion (note 8)	<u>-</u>	<u>20,000</u>
	58,037	123,698
Amounts received during the year	<u>58,037</u>	<u>82,749</u>
Government contributions receivable included in accounts receivable	<u>\$ -</u>	<u>\$ 40,949</u>

**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
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NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2021

8. CEBA LOAN

During the year, the Organization received a \$60,000 loan under the provisions of the Canada Emergency Business Account ("CEBA"). The program was launched by the Government of Canada to provide financing to qualifying small businesses and not-for-profit organizations to ease the financial strain experienced as a result of the COVID-19 pandemic.

The loan, which was provided by Desjardins, is non-interest bearing, unsecured and guaranteed by the Government of Canada. Repayment of principal is not required on or before December 31, 2023 and loan payments can be made at any time without fees or penalties. If the Corporation has paid \$40,000 of the loan prior to December 31, 2023, the lender will forgive the remaining \$20,000 balance of the loan.

Any outstanding balance remaining at January 1, 2023 will bear interest at an annual rate of 5%, payable monthly. The borrower has the right to extend the loan, subject to the same conditions, for an additional 3-year term ending on December 31, 2025. Any remaining balance owing, in principal and interest, will be repayable in full on December 31, 2025.

9. COVID-19

In mid-March of 2020, all Canadian provinces declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

The Foundation had to cancel many program activities due to physical distancing rules, which resulted in a continued reduction in program delivery activities for 2021 fiscal year.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Foundation's operations will be impacted.