

FINANCIAL STATEMENTS
For
**OCH FOUNDATION FOR HEALTHY COMMUNITIES/
FONDATION DE LCO POUR DES COMMUNAUTÉS SAINES**
For year ended
DECEMBER 31, 2023

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, 2023, 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, 2023 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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 16, 2024.

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 450,406	\$ 497,604
Short-term investments (note 4)	156,105	-
Accounts receivable	6,588	11,588
Prepaid expenses	11,112	4,334
Government remittances receivable	<u>1,433</u>	<u>2,436</u>
	<u>\$ 625,644</u>	<u>\$ 515,962</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 18,657	\$ 15,011
Due to Ottawa Community Housing Corporation (note 5)	159,052	139,412
Deferred contributions (note 6)	264,857	246,867
Current portion of CEBA loan (note 8)	<u>40,000</u>	<u>-</u>
	482,566	401,290
CEBA LOAN (note 8)	<u>-</u>	<u>40,000</u>
	482,566	441,290
NET ASSETS		
Unrestricted net assets	<u>143,078</u>	<u>74,672</u>
	<u>\$ 625,644</u>	<u>\$ 515,962</u>

Approved by the Board:

 Director

 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, 2023

	<u>2023</u>	<u>2022</u>
Revenue		
Restricted program revenue (note 6)	\$ 632,698	\$ 559,860
Unrestricted program revenue	315,989	113,751
Investment income	<u>18,473</u>	<u>4,338</u>
	<u>967,160</u>	<u>677,949</u>
Expenses		
Program delivery	666,493	524,983
Operations staffing costs	176,636	153,490
Operating expenses	34,805	15,041
Board of director expenses	16,023	11,530
Other expenses	<u>4,797</u>	<u>-</u>
	<u>898,754</u>	<u>705,044</u>
Excess of revenue over expenses (expenses over revenue)	68,406	(27,095)
Net assets, beginning of year	<u>74,672</u>	<u>101,767</u>
Net assets, end of year	<u>\$ 143,078</u>	<u>\$ 74,672</u>

(See accompanying notes)

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

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
Cash flows from (used in):		
Operating activities		
Excess of revenue over expenses (expenses over revenue)	\$ 68,406	\$ (27,095)
Accrued interest on short-term investments	<u>(6,105)</u>	<u>-</u>
	62,301	(27,095)
Changes for non-cash components of working capital:		
Accounts receivable	5,000	10,739
Prepaid expenses	(6,778)	(3,159)
Accounts payable and accrued liabilities	3,646	(6,681)
Due from Ottawa Community Housing Corporation	19,640	(13,316)
Deferred contributions	17,990	31,954
Government remittances receivable	<u>1,003</u>	<u>(178)</u>
	<u>102,802</u>	<u>(7,736)</u>
Investing activities		
Purchase of short-term investments	<u>(150,000)</u>	<u>-</u>
Decrease in cash	(47,198)	(7,736)
Cash at beginning of year	<u>497,604</u>	<u>505,340</u>
Cash at end of year	<u>\$ 450,406</u>	<u>\$ 497,604</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, 2023

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 received \$27,627 worth of in-kind materials. The material are not used in the normal course of the Foundation's operations and would not otherwise have been purchased. Therefore, they were not in the 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.

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, 2023.

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, short-term investments and accounts receivable balances. The Foundation's cash and short-term investments are 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*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Foundation's exposure to interest rate risk arises from its investments in GICs. The interest rates on the investments are disclosed in note 4.

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.

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

YEAR ENDED DECEMBER 31, 2023

4. SHORT-TERM INVESTMENTS

Short-term investments are as follows:

	<u>2023</u>		<u>2022</u>
	<u>Cost</u>	<u>Fair value</u>	<u>Fair value</u>
Cash	\$ 69	\$ 69	\$ -
Guaranteed investment certificate, bearing interest rate at 4.8% maturing on February 28, 2024	<u>150,000</u>	<u>156,036</u>	<u>-</u>
	<u>\$ 150,069</u>	<u>\$ 156,105</u>	<u>\$ -</u>

5. OTTAWA COMMUNITY HOUSING CORPORATION

During the year, the Foundation received \$120,000 (2022 - \$150,000) from OCH to fund programs such as Scholarships and Youth Futures.

At year end the Foundation owed \$159,052 (2022 - \$139,412) 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.

6. DEFERRED CONTRIBUTIONS

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

	<u>Balance, Dec, 31, 2022</u>	<u>Amounts received in year</u>	<u>Amounts expensed in year</u>	<u>Balance, Dec, 31, 2023</u>
Donor Advised Fund	\$ 5,225	\$ -	\$ -	\$ 5,225
Bursaries	23,693	33,739	45,503	11,929
Rec LINK	141,918	248,794	257,331	133,381
Pack-A-Sack	36,246	29,618	41,844	24,020
Hop on Bikes	28,148	1,912	24,952	5,108
Special Events	3,110	-	3,110	-
Youth Futures	<u>8,527</u>	<u>336,625</u>	<u>259,958</u>	<u>85,194</u>
	<u>\$ 246,867</u>	<u>\$ 650,688</u>	<u>\$ 632,698</u>	<u>\$ 264,857</u>

7. ALLOCATED EXPENSES

During the year, the Foundation allocated general support salaries and benefits of \$278,799 (2022 - \$254,454) to program delivery, using management's best estimate of time spent on projects.

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2023

8. CEBA LOAN

The Foundation currently holds a \$60,000 loan under the provisions of the Canada Emergency Business Account ("CEBA"). The program was launched by the Government of Canada in 2020 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 January 18, 2024 and loan payments can be made at any time without fees or penalties. If the Foundation has paid \$40,000 of the loan prior to January 18, 2024, the lender will forgive the remaining \$20,000 balance of the loan.

Any outstanding balance remaining at January 19, 2024 will be converted into a 2-year term loan bearing interest at a rate of 5% per annum, payable monthly. Any remaining balance on the loan will be repayable in full on December 31, 2025.

The Foundation fully repaid the \$40,000 loan on January 18, 2024. The remaining \$20,000 of loan forgiveness was recognized as unrestricted revenue in the 2020 fiscal year.

9. COMPARATIVE FIGURES

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