

**LAKESHORE COMMUNITY OUTREACH CENTRE INC.
(OPERATING AS THE COMPASS)**

Financial Statements
December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Members of Lakeshore Community Outreach Centre Inc.:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Lakeshore Community Outreach Centre Inc. ("the Organization"), which comprise the balance sheet as at December 31, 2021, and the statement of operations, retained earnings 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 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 Organization as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, Lakeshore Community Outreach Centre Inc. derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of Lakeshore Community Outreach Centre Inc. and we were not able to determine whether any adjustments might be necessary for recorded donations or fundraising revenues, the excess of revenues over expenditures, cash flows from operating activities for the years ended December 31, 2021, current assets as at December 31, 2021 and net assets as at December 31, 2021. Consequently we expressed a qualified audit opinion on the financial statements for the year ended December 31, 2021 because of the possible effect of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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 opinion.

INDEPENDENT AUDITORS' REPORT CONTINUED

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT CONTINUED

- 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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

H. P. L. S. V. G. R. P. L. C. P.

Chartered Professional Accountants
Licensed Public Accountants

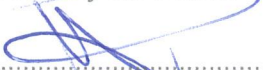
Mississauga, Ontario
March 24, 2022

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

BALANCE SHEET
December 31, 2021

	Notes	2021	2020
ASSETS			
CURRENT			
Cash		\$ 1,513,258	\$ 1,131,269
Guaranteed investment certificates	2	170,304	170,000
Amounts receivable		40,557	-
Harmonized sales tax rebate		13,033	12,012
Interest receivable		487	2,655
Prepaid expenses		10,187	12,129
		1,747,826	1,328,065
EQUIPMENT	3	41,437	18,352
		\$ 1,789,263	\$ 1,346,417
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 28,851	\$ 32,393
Deferred revenue	4	35,210	55,526
		64,061	87,919
COMMITMENTS	5		
NET ASSETS			
Operating Fund		200,202	198,498
Internally restricted fund - Operations		500,000	350,000
Internally restricted fund - facilities		450,000	350,000
Internally restricted fund - client services		575,000	360,000
		1,725,202	1,258,498
		\$ 1,789,263	\$ 1,346,417

Approved by the Board:

 Director

 Director

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

STATEMENT OF CHANGES IN NET ASSETS For the year ended ended December 31, 2021

	Operating Fund	Internally restricted fund - Operations	Internally restricted fund - facilities	Internally restricted fund - client services
BALANCE, beginning of year 2021	\$ 198,498	\$ 350,000	\$ 350,000	\$ 360,000
Excess of revenue over expenditures	466,704	-	-	-
Transfers	(465,000)	150,000	100,000	215,000
BALANCE, end of year	\$ 200,202	\$ 500,000	\$ 450,000	\$ 575,000

	Operating Fund	Internally restricted fund - Operations	Internally restricted fund - facilities	Internally restricted fund - client services
BALANCE, beginning of year 2020	\$ 270,440	\$ 121,145	\$ -	\$ -
Excess of revenue over expenditures	866,913	-	-	-
Transfers	(938,855)	228,855	350,000	360,000
BALANCE, end of year	\$ 198,498	\$ 350,000	\$ 350,000	\$ 360,000

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

STATEMENT OF OPERATIONS

For the year ended December 31, 2021

	2021	2020
REVENUE		
Donations from individuals and organizations	\$ 1,043,885	\$ 1,148,232
Contributions by supporting churches	102,627	124,102
Grants	98,883	145,808
Fund-raising events	87,970	111,573
Investment income	905	2,218
	<u>1,334,270</u>	<u>1,531,933</u>
EXPENSES		
Food and supplies for clients	400,172	305,903
Staff compensation and benefits	185,406	159,070
Occupancy	116,278	121,799
Client programs	98,492	43,223
Administration	45,701	21,941
Fundraising expenses	10,426	6,732
Professional fees	2,500	2,300
Publicity	1,450	531
Amortization	7,141	3,521
	<u>867,566</u>	<u>665,020</u>
NET INCOME	\$ 466,704	\$ 866,913

See accompanying notes

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Net income	\$ 466,704	\$ 866,913
Item not involving cash:		
Amortization	7,141	3,521
	473,845	870,434
Net change in non-cash working capital items:		
Harmonized sales tax rebate	(1,022)	(1,881)
Interest receivable	2,168	(1,762)
Accounts receivable	(40,557)	-
Accounts payable and accrued liabilities	(3,539)	27,781
Prepaid expenses	1,940	(2,127)
Deferred revenue	(20,316)	44,076
	412,519	936,521
INVESTING ACTIVITIES		
Purchase of equipment	(30,226)	(19,480)
Guaranteed investment certificates	(304)	(10,000)
	(30,530)	(29,480)
INCREASE IN CASH	381,989	907,041
CASH, beginning of year	1,131,269	224,228
CASH, end of year	\$ 1,513,258	\$ 1,131,269

See accompanying notes

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

DESCRIPTION OF BUSINESS

Lakeshore Community Outreach Centre Inc. is a not-for-profit organization (hereinafter, "the Organization") incorporated without share capital under the Ontario corporations act. The Organization is a registered charitable organization under the Income Tax Act and is exempt from income taxes.

The mission of the Organization is to help people in southern Mississauga who are experiencing economic, social or emotional challenges. The Organization assists in the relief of poverty by providing food and other basic supplies to persons in need, conducts varied programs for them and serves as a venue for fellowship, encouragement and support.

1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and include the following significant accounting policies:

Use of estimates

The preparation of the Organization's 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 the 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. These estimates are reviewed periodically and adjustments are made to income as appropriate in the period they become known. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

1 SIGNIFICANT ACCOUNTING POLICIES continued Fund Accounting

The Organization follows the restricted fund method of accounting and the financial statements include the following funds:

Unrestricted Operating Fund

The unrestricted operating fund accounts for the Organization's general operations and activities. The fund reports unrestricted resources.

Internally Restricted Operating Fund

The board of directors have established an internally restricted fund as a contingency to sustain current services to clients and capital expenditures. Additions and expenditures from this internally restricted fund must be approved by the board of directors.

Client Services Reserve Fund

In connection with the COVID-19 pandemic, the Organization experienced a significant outpouring of generosity from supporters, and increased community need. The board of directors established the client services reserve fund to ensure that the Organization is able to sustain the increased level of client support over the next few years.

Facilities Reserve Fund

The board of directors established the facilities reserve fund to cover the anticipated costs of leasehold improvements, equipment and furnishings anticipated when the Organization takes possession of their new location in early 2022.

Revenue Recognition

Donations received are recorded as income when received. The Organization 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 when the amount to be received can be reasonably estimated and collection is reasonably assured.

Gifts in kind, other than donated food, are recorded as revenue at their estimated fair value when received by the Organization.

Government grants pertinent to specific projects are recognized as revenue as the related project expenses are incurred.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1 SIGNIFICANT ACCOUNTING POLICIES continued

Food Inventory

The Organization receives food donations and also purchases food inventory. As it is distributed at no charge, no inventory value has been recorded on the financial statements for food on hand at year end.

Equipment

Capital assets are amortized over their estimated useful lives at the following annual rates:

Equipment and furniture 2, 3 or 5 years via the straight line method

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

Contributed services

Volunteers contribute many hours each year in carrying out the Organization's activities. Accomplishing the Organization's objectives would not be possible without their dedication. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statement

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets include cash, guaranteed investment certificates and harmonized sales tax rebate.

Financial liabilities include accounts payable and accrued liabilities.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

2 GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are cashable certificates maturing July 2022 through November 2023, bearing interest rates of 0.55% to 2.00%. Market value approximates carrying value.

A certificate in the amount of \$20,000 is held as a guarantee against the limit of the credit card of the same amount. The current amount of the credit card liability is \$8,673 (2020 \$6,190). The credit card liability is paid in full each month.

3 EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
			2021	2020
Furniture and fixtures	\$ 52,365	\$ 10,928	\$ 41,437	\$ 18,352

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2021

4 DEFERRED REVENUE

Deferred revenue represents revenues related to grants and donations received in one year and where services are performed in future years. Grants and donations are deferred to the extent that services have not been provided and in cases where donations specific to a future expenditure.

	2021	2020
Deferred revenue, beginning of the year	\$ 55,526	\$ 11,450
Grants and donations received during the year	-	-
Donations received related to the 2022 relocation	35,210	-
Digital communications Coordination	-	9,500
Online ordering system	-	20,000
Personal hygiene	-	25,000
Mental Health Support	-	20,000
	-	-
Grants and donations recognized as revenue:	-	-
Community coaches grant	(2,876)	(8,574)
Mental health support	(20,000)	-
Digital communications coordination	(9,500)	-
Personal hygiene	(3,150)	(21,850)
Online ordering system	(20,000)	-
	35,210	55,526
Deferred revenue, end of the year	\$ 35,210	\$ 55,526

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2021

5 COMMITMENTS

The Organization is committed under an operating lease for leased premises in the following amounts:

2022	\$ 94,332
2023	120,000
2024	120,000
2025	120,000
2026	120,000
Thereafter	630,000
	<hr/>
	\$ 1,204,332

The Organization signed a lease for new premises on September 23, 2020. The monthly rent at the new location will be \$10,000 and will begin two months after initial possession. The organization gained possession in February 2022 with monthly rent payments starting May 1, 2022.

In the upcoming year, the Organization has committed to purchasing equipment in the amount of \$330,218. The Organization will pay for this equipment from the Internally restricted funds – facility.

6 FINANCIAL INSTRUMENTS

Risks and concentrations

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assist users of financial statements in assessing the extent of risk related to financial instruments.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

6 FINANCIAL INSTRUMENTS continued

Interest rate risk

The Organization is exposed to interest rate risk. Interest rate risk is the risk that the Organization has interest rate exposure on its guaranteed investment certificates. This exposure may have an effect on its earnings in future periods. The Organization reduces its exposure to interest rate risk by managing its guaranteed investment certificates to ensure funds are available when needed. The investment policy is primarily directed to reduce risk and interest earned is of secondary importance. In the opinion of management the interest rate risk exposure to the Organization is low. The risk is unchanged from the prior year.

7 COVID-19 PANDEMIC

The 2019 Novel Coronavirus infection (“COVID-19”, “the virus”) pandemic poses a major health threat with a resulting hindrance in the movement of people and products worldwide. Government restrictions on both individuals and businesses are widespread and the resulting impact on financial reporting may be significant.

This virus has had impacts on the Organization’s business with a significant increase in client need and challenges with how The Compass could meet the community need in a way that prioritised client and volunteer safety.

The duration and financial effect of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

While the extent and duration of the impact of COVID-19 remains uncertain, the Organization has implemented several measures to protect its financial position and preserve liquidity

The Organization has sufficient cash on hand at the year-end to meet it's foreseeable obligations.