

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

Financial Statements
December 31, 2023

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 statement of financial position as at December 31, 2023, and the statement of operations, 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 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, 2023, 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, 2023, current assets as at December 31, 2023 and net assets as at December 31, 2023. Consequently we expressed a qualified audit opinion on the financial statements for the year ended December 31, 2023 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.

Other Matter

During the year, it was discovered that a donation received after the December 31, 2022 year end should have been recorded as a receivable. In addition, gift cards that were held in inventory for clients were not recorded as an asset. Both items have been corrected as a prior period error and reflected in these financial statements.

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 Organization'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 Organization'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 Organization 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. V. G. R. R. L. C.

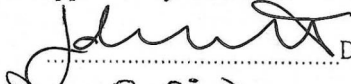
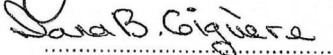
Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 4, 2024

LAKESHORE COMMUNITY OUTREACH CENTRE INC.**STATEMENT OF FINANCIAL POSITION**
December 31, 2023

	Notes	2023	(Note 3) 2022
ASSETS			
CURRENT			
Cash		\$ 778,923	\$ 1,002,921
Guaranteed investment certificates	2	660,897	495,304
Amounts receivable	3	212,136	133,080
Interest receivable		15,614	-
Harmonized sales tax rebate		17,775	14,045
Gift cards on hand	3	40,500	13,995
Prepaid expenses		7,953	14,699
		1,733,798	1,674,044
EQUIPMENT	4	163,103	155,376
		\$ 1,896,901	\$ 1,829,420
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 108,640	\$ 60,906
Deferred revenue	5	29,840	-
		138,480	60,906
COMMITMENTS	6		
NET ASSETS			
Unrestricted net assets		1,758,421	659,669
Internally restricted fund - facilities		-	100,000
Internally restricted fund - client services		-	1,008,846
		1,758,421	1,768,515
		\$ 1,896,901	\$ 1,829,420

Approved by the Board:


..... Director
..... Director

See accompanying notes

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

STATEMENT OF CHANGES IN NET ASSETS **For the year ended December 31, 2023**

	Unrestricted net assets	Internally restricted fund - operations	Internally restricted fund - facilities	Internally restricted fund - client services	Total 2023
BALANCE, beginning of year as previously stated	\$ 575,000	\$ -	\$ 100,000	\$ 1,008,846	\$ 1,683,846
Correction of prior year errors (note 3)	84,669	-	-	-	84,669
Deficiency of revenue over expenditures	(10,094)	-	-	-	(10,094)
Transfers (note 7)	1,108,846	-	(100,000)	(1,008,846)	-
BALANCE, end of year	\$ 1,758,421	\$ -	\$ -	\$ -	\$ 1,758,421

	Operating Fund	Internally restricted fund - operations	Internally restricted fund - facilities	Internally restricted fund - client services	(Note 3) Total 2022
BALANCE, beginning of year	\$ 200,202	\$ 500,000	\$ 450,000	\$ 575,000	\$ 1,725,202
Excess (deficiency) of revenue over expenditures	186,074	-	(227,430)	-	(41,356)
Transfers	188,724	(500,000)	(122,570)	433,846	(198,818)
BALANCE, end of year as previously stated	\$ 575,000	\$ -	\$ 100,000	\$ 1,008,846	\$ 1,683,846
Corrections made during 2023 (note 3)	84,669	-	-	-	84,669
BALANCE, end of year restated	\$ 659,669	\$ -	\$ 100,000	\$ 1,008,846	\$ 1,768,515

See accompanying notes

LAKESHORE COMMUNITY OUTREACH CENTRE INC.**STATEMENT OF OPERATIONS**

For the year ended December 31, 2023

	2023	(Note 3) 2022
REVENUE		
Donations from individuals and organizations	\$ 1,481,500	\$ 1,148,575
Fund-raising events	208,272	165,867
Contributions by supporting churches	98,936	92,779
Investment income	36,095	5,899
Grants	22,575	19,542
	<u>1,847,378</u>	<u>1,432,662</u>
EXPENSES		
Food and supplies for clients	953,929	591,482
Staff compensation and benefits	313,820	249,104
Occupancy	234,108	292,839
Client programs	181,938	156,314
Administration	88,900	55,153
Fundraising expenses	18,044	8,796
Professional fees	17,553	2,501
Publicity	15,026	9,097
Amortization	34,154	24,064
	<u>1,857,472</u>	<u>1,389,350</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	\$ (10,094)	\$ 43,312

See accompanying notes

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

		2023	(Note 3) 2022
OPERATING ACTIVITIES			
(Deficiency) excess of revenue over expenditures	\$	(10,094)	\$ 43,312
Item not involving cash:			
Amortization		34,154	24,064
		24,060	67,376
Net change in non-cash working capital items:			
Accounts receivable	3	(79,056)	(90,693)
Interest receivable		(15,614)	(1,342)
Harmonized sales tax rebate		(3,730)	(1,012)
Prepaid expenses		6,746	(4,512)
Gift cards on hand	3	(26,505)	(13,995)
Accounts payable and accrued liabilities		47,735	32,050
Deferred revenue		29,840	(35,210)
		(16,524)	(47,338)
INVESTING ACTIVITIES			
Net of equipment purchases and disposals		(41,881)	(137,999)
Guaranteed investment certificates		(165,593)	(325,000)
		(207,474)	(462,999)
DECREASE IN CASH			
		(223,998)	(510,337)
CASH, beginning of year		1,002,921	1,513,258
CASH, end of year	\$	778,923	\$ 1,002,921

See accompanying notes

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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, 2023

1 SIGNIFICANT ACCOUNTING POLICIES continued

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

Fund Accounting

Unrestricted Operating Fund

The Unrestricted Operating fund accounts for the Organization's general operations and activities. The fund reports unrestricted resources. Previously, the fund maintained a balance of approximately 50% of the prior year's total expenses and transferred the excess to the Client Services Reserve Fund. The Board approved the collapse of this fund and going forward, the balance is now being reported as Unrestricted Net Assets.

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. The Board approved the collapse of this fund into the unrestricted operating fund at the end of 2022.

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. The Board approved the collapse of this fund into the unrestricted operating fund at the end of this year.

Facilities Reserve Fund

The Board of Directors established the facilities reserve fund to cover the anticipated costs of leasehold improvements, equipment and furnishings anticipated for when the Organization took possession of their new location in 2022. The Board approved the collapse of this fund into the unrestricted operating fund at the end of this year.

The Organization determined that at December 31, 2023 they would transfer previously established internally restricted funds to the operating fund. The funds were initially established to help fund a planned move, which was completed in 2022, and in response to the COVID-19 pandemic. The Organization has settled into their new premises, and the uncertainty of the pandemic has passed.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1 SIGNIFICANT ACCOUNTING POLICIES continued **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.

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, 5 or 10 years via the straight-line method
Leasehold improvements	10 years 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

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1 SIGNIFICANT ACCOUNTING POLICIES continued **Financial instruments**

Initial Measurement:

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Organization in the transaction.

Subsequent measurement:

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

Financial assets are measured at amortized cost using the straight-line method. Financial assets include cash, guaranteed investment certificates and harmonized sales tax rebate.

Financial liabilities include accounts payable and accrued liabilities.

2 GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are cashable certificates maturing June 2024 through July 2025, bearing interest rates of 3.00% to 4.75%. Market value approximates carrying value.

A certificate in the amount of \$50,000 maturing July 25, 2025 is held as a guarantee against the limit of the credit card of \$40,000. The current amount of the credit card liability is \$13,917 (2022 \$22,328). The credit card liability is paid in full each month.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS December 31, 2023

3 PRIOR PERIOD CORRECTIONS

These financial statements present an updated accounts receivable balance for additional donations of \$70,674 received from Canada Helps in January 2023. The amount has been determined to be donations collected in December 2022 on behalf of the Organization. The result of this adjustment is a direct increase to the excess of revenue over expenditures, and an increase to the amounts receivable.

The prior year statements have also been adjusted to record \$13,995 as gift cards on hand at December 31, 2022. The result of the adjustment is a direct increase to the excess of revenue over expenditures, and an increase to the gift cards on hand.

4 EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
			2023	2022
Furniture and fixtures	\$ 191,263	\$ 58,299	\$ 132,964	\$ 137,957
Leasehold improvements	34,867	4,728	30,139	17,419
	<u>\$ 226,130</u>	<u>\$ 63,027</u>	<u>\$ 163,103</u>	<u>\$ 155,376</u>

5 DEFERRED REVENUE

Deferred revenue relates to a grant received from the Region of Peel Community Investment Program Capacity Fund. The amounts are to be spent on de-escalation training for staff and volunteers, which is planned for 2024.

6 COMMITMENTS

The Organization has a long-term lease with respect to its premises which will expire on February 29, 2032. Lease payments due are \$10,000 per month (\$120,000 annually) until 2031, and \$10,000 per month for January and February 2032.

7 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.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7 FINANCIAL INSTRUMENTS continued

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.

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.