

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

Financial Statements
December 31, 2024

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, 2024, 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, 2024, 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, 2024, current assets as at December 31, 2024 and net assets as at December 31, 2024. Consequently we expressed a qualified audit opinion on the financial statements for the year ended December 31, 2024 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 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. S. V. G. R. A. R. L. C. D.

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 28, 2025

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2024

	Notes	2024	(Note 3) 2023
ASSETS			
CURRENT			
Cash		\$ 859,807	\$ 778,923
Guaranteed investment certificates	2	560,397	660,897
Accounts receivable	3	249,017	212,136
Interest receivable		17,630	15,614
Harmonized sales tax rebate		19,484	17,775
Gift cards on hand		44,728	40,500
Prepaid expenses		8,786	7,953
		1,759,849	1,733,798
EQUIPMENT			
	4	148,965	163,103
		\$ 1,908,814	\$ 1,896,901
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 74,757	\$ 108,640
Deferred revenue	5	31,633	29,840
		106,390	138,480
COMMITMENTS			
	6		
NET ASSETS			
Unrestricted net assets		1,802,424	1,758,421
		\$ 1,908,814	\$ 1,896,901

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, 2024

	2024
	Unrestricted net assets
BALANCE, beginning of year	\$ 1,758,421
Excess of revenue over expenditures	44,003
BALANCE, end of year	\$ 1,802,424

	Unrestricted net assets	Internally restricted fund - facilities	Internally restricted fund - client services	(Note 3) Total 2023
BALANCE, beginning of year	\$ 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 1)	1,108,846	(100,000)	(1,008,846)	-
BALANCE, end of year as previously stated	\$ 1,758,421	\$ -	\$ -	\$ 1,758,421

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

For the year ended December 31, 2024

	Note	2024	2023
REVENUE			
Donations from individuals and organizations		\$ 1,430,766	\$ 1,481,500
Fund-raising events		346,704	208,272
Grants	5	240,093	22,575
Contributions by supporting churches		99,599	98,936
Investment income		51,646	36,095
		2,168,808	1,847,378
EXPENSES			
Food and supplies for clients		933,164	953,929
Staff compensation and benefits		447,527	313,820
Occupancy		277,113	234,108
Client programs		210,149	181,938
Administration		150,913	88,900
Fundraising expenses		46,244	18,044
Publicity		14,283	15,026
Professional fees		11,400	17,553
Amortization		34,012	34,154
		2,124,805	1,857,472
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		\$ 44,003	\$ (10,094)

See accompanying notes

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	Notes	2024	(Note 3) 2023
OPERATING ACTIVITIES			
Excess (deficiency) of revenue over expenses		\$ 44,003	\$ (10,094)
Item not involving cash:			
Amortization		34,012	34,154
		78,015	24,060
Net change in non-cash working capital items:			
Accounts receivable	3	(36,881)	(79,056)
Interest receivable		(2,016)	(15,614)
Harmonized sales tax rebate		(1,709)	(3,730)
Prepaid expenses		(833)	6,746
Gift cards on hand		(4,228)	(26,505)
Accounts payable and accrued liabilities		(33,883)	47,735
Deferred revenue	5	1,793	29,840
		258	(16,524)
INVESTING ACTIVITIES			
Equipment purchases, net of disposals		(19,874)	(41,881)
Guaranteed investment certificates		100,500	(165,593)
		80,626	(207,474)
INCREASE (DECREASE) IN CASH			
		80,884	(223,998)
CASH, beginning of year		778,923	1,002,921
CASH, end of year		\$ 859,807	\$ 778,923

See accompanying notes

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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 Organization provides help for today and hope for tomorrow to individuals and families in southern Mississauga facing food insecurity, homelessness, or other challenges. We offer healthy food, hygiene items, and support services in a welcoming space where everyone is treated with dignity. Through outreach, community meals, and advocacy, The Compass walks alongside people through life's challenges.

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, 2024

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. 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.

In the prior year, the board approved a consolidation of the Facilities Reserve Fund and the Client Services Fund with the Operating Fund. Going forward, the balance is now being reported as Unrestricted Net Assets.

Revenue Recognition

Donations 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.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

1 SIGNIFICANT ACCOUNTING POLICIES continued **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	over the remaining life of the lease

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, 2024

1 SIGNIFICANT ACCOUNTING POLICIES continued

Measurement of 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, accounts receivable and harmonized sales tax rebate.

Financial liabilities include accounts payable and accrued liabilities.

2 GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are cashable certificates maturing January 2025 through July 2025, bearing interest rates of 4.6% to 5.00%. 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 \$7,150 (2023 \$13,917). The credit card liability is paid in full each month.

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

3 PRIOR PERIOD CORRECTIONS

These financial statements present an updated accounts receivable balance in December 31, 2022 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 opening fund balance at January 1, 2023.

4 EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
			2024	2023
Equipment and furniture	\$ 201,033	\$ 86,380	\$ 114,653	\$ 132,964
Leasehold improvements	43,391	9,079	34,312	30,139
	<u>\$ 244,424</u>	<u>\$ 95,459</u>	<u>\$ 148,965</u>	<u>\$ 163,103</u>

5 DEFERRED REVENUE

Deferred revenue is comprised of externally restricted funds that the Organization is required to use for specific programs or expenditures. Amounts have been deferred as the spending is expected in the following year.

	2024	2023
Deferred revenue, beginning of the year	\$ 29,840	\$ -
Contributions received:	-	-
Ontario Trillium Foundation, for IT security update	25,900	-
Port Credit Community Foundation, for baby formula purchases	11,466	-
Region of Peel, Community Investment Program Capacity, for de-escalation training	-	29,840
Contributions recognized as revenue:	-	-
Region of Peel, Community Investment Program Capacity, for de-escalation training	(29,840)	-
Port Credit Community Foundation, for baby formula purchases	(5,733)	-
Deferred revenue, end of the year	<u>\$ 31,633</u>	<u>\$ 29,840</u>

LAKESHORE COMMUNITY OUTREACH CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 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 AND RISK MANAGEMENT

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.

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.