

OTTAWA SAFETY COUNCIL
FINANCIAL STATEMENTS
DECEMBER 31, 2015

Independent Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Cash Flow Statement
Notes to the Financial Statements

MITCHELL & HOLMES

CHARTERED ACCOUNTANTS

B.N. Mitchell, B.A., CPA, CA

R.D. Holmes, B. Comm., CPA, CA

150 Isabella Street, Suite 302

Ottawa, Ontario

K1S 1V7

Tel: (613) 231-5559

Fax: (613) 231-5722

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Ottawa Safety Council:

We have audited the accompanying financial statements of the Ottawa Safety Council, which comprise the statement of financial position as at December 31, 2015, the statements of operations and changes in net assets for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

MITCHELL & HOLMES

CHARTERED ACCOUNTANTS

B.N. Mitchell, B.A., CPA, CA

R.D. Holmes, B. Comm., CPA, CA

150 Isabella Street, Suite 302

Ottawa, Ontario

K1S 1V7

Tel: (613) 231-5559

Fax: (613) 231-5722

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ottawa Safety Council as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



MITCHELL & HOLMES

Chartered Accountants, Licensed Public Accountants

March 21, 2016

Ottawa, Ontario

OTTAWA SAFETY COUNCIL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$253,847	\$ 46,812
Short-term investments (Note 2)	31,842	31,842
Accounts receivable (Note 8)	19,486	381,800
Prepaid expenses (Note 4)	<u>47,314</u>	<u>39,166</u>
	352,489	499,620
PROPERTY AND EQUIPMENT (Notes 2,3)	<u>83,528</u>	<u>86,826</u>
	<u>\$436,017</u>	<u>\$586,446</u>

<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accruals (Note 9)	\$117,487	\$ 92,537
Deferred revenue (Note 5)	<u>238</u>	<u>743</u>
	<u>117,725</u>	<u>93,280</u>

<u>NET ASSETS</u>		
NET ASSETS		
Net assets invested in capital assets	83,528	86,826
Internally restricted net assets (Note 10)	106,844	135,867
Unrestricted net assets	<u>127,920</u>	<u>270,473</u>
	<u>318,292</u>	<u>493,166</u>
	<u>\$436,017</u>	<u>\$586,446</u>

On behalf of the board:

.....Director

.....Director

(See accompanying notes to the financial statements)

OTTAWA SAFETY COUNCIL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUES		
Programs - Motorcycle	\$ 377,213	\$ 331,930
- Public Safety	32,231	50,571
Contract services - City of Ottawa (Note 11)	2,002,951	1,767,992
Memberships	66	-
Gain on disposal of motorcycles	<u>-</u>	<u>13,127</u>
	<u>2,412,461</u>	<u>2,163,620</u>
EXPENSES		
Advertising and recruitment	73,990	44,496
Amortization	41,695	49,191
Bank and credit card charges	19,216	18,926
Board meetings	20,089	20,742
Communications	16,748	14,010
Conferences	2,437	1,980
Consulting fee	16,742	27,131
Equipment rental	14,417	15,207
Instructors' costs	61,952	59,893
Insurance	39,833	49,874
Program supplies	21,792	21,093
Office supplies and subscriptions	23,377	19,892
Postage	1,896	1,611
Professional fees	19,809	10,291
Rent	67,654	65,137
Repairs, maintenance and gasoline	14,174	26,772
Salaries and benefits	2,039,551	1,671,431
Student manuals	16,962	9,699
Team building	37,492	18,938
Training and development	22,743	22,233
Travel	<u>14,766</u>	<u>4,676</u>
	<u>2,587,335</u>	<u>2,173,223</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ (174,874)</u>	<u>\$ (9,603)</u>

(See accompanying notes to the financial statements)

OTTAWA SAFETY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	INVESTED IN CAPITAL ASSETS	UNRESTRICTED	INTERNALLY RESTRICTED NET ASSETS	2015 TOTAL	2014 TOTAL
BALANCE, BEGINNING OF YEAR	\$ 86,826	\$270,473	\$135,867	\$493,166	\$502,769
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(41,695)	(133,179)	-	(174,874)	(9,603)
INTERNALLY IMPOSED RESTRICTIONS (Note 10)	-	29,023	(29,023)	-	-
INVESTED IN CAPITAL ASSETS	<u>38,397</u>	<u>(38,397)</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	\$ <u>83,528</u>	\$ <u>127,920</u>	\$ <u>106,844</u>	\$ <u>318,292</u>	\$ <u>493,166</u>

(See accompanying notes to the financial statements)

OTTAWA SAFETY COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses (expenses over revenues)	\$ (174,874)	\$ (9,603)
Items not affecting cash:		
Amortization	<u>41,695</u>	<u>49,191</u>
	<u>(133,179)</u>	<u>39,588</u>
Change in non-cash operating working capital items:		
Accounts receivable	362,316	(244,625)
Prepays	(8,150)	592
Deferred revenue	(505)	(1,100)
Accounts payable and accruals	<u>24,950</u>	<u>32,331</u>
	<u>378,611</u>	<u>(212,802)</u>
	245,432	(173,214)
INVESTING		
Purchase of capital assets	<u>(38,397)</u>	<u>(17,172)</u>
NET CASH INFLOW (OUTFLOW)	207,035	(190,386)
CASH POSITION, BEGINNING OF YEAR	<u>78,654</u>	<u>269,040</u>
CASH POSITION, END OF YEAR (1)	\$ <u><u>285,689</u></u>	\$ <u><u>78,654</u></u>

1. For the purpose of this statement
cash comprises:

	<u>2015</u>	<u>2014</u>
Cash	\$ 253,847	\$ 46,812
Short-term Investments	<u>31,842</u>	<u>31,842</u>
	\$ <u><u>285,689</u></u>	\$ <u><u>78,654</u></u>

OTTAWA SAFETY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. GENERAL

The Ottawa Safety Council (OSC) was issued Ontario Corporation No. 813027 on October 11, 1989, under Letters Patent through the Corporation Act by the Ministry of Consumer and Commercial Relations.

The Ottawa Safety Council's mission is the organization advocates for and delivers high quality risk reduction and injury prevention programs for the Ottawa Community at large.

The Ottawa Safety Council is registered as a charitable organization as defined in subsection 149(1)(1) of the Income Tax Act and as such is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered to be significant.

Revenue recognition

The Ottawa Safety Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or if the restricted fund is set-up is recorded as revenue and restricted to that fund until related expenses 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.

Investment income comprises interest on cash or interest from fixed income investments. Revenue is recognized on an accrual basis.

Property and equipment

Property and equipment are recorded at cost. Contributed property and equipment assets are recorded at the fair value at the date of contribution. Amortization is provided on a straight-line basis over 5 years for motorcycles and radios and 4 years for office furniture, equipment, computer hardware and software.

Short-term Investments

Short-term investments are recorded at stated market value of \$31,842 (2014, \$31,842). The investments consist of a Canada Savings Bond that matured on November 1, 2013 and the bond was redeemed on February 26, 2016.

Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

OTTAWA SAFETY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Measurement:

The Ottawa Safety Council initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Ottawa Safety Council subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accruals and deferred revenue.

Impairment:

At the end of each reporting period, the Ottawa Safety Council assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Ottawa Safety Council.

When the Ottawa Safety Council identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

Transaction Costs:

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.

Cash and Cash Equivalents

Cash and cash equivalents are defined as bank balances, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Normally, non-equity investments with a maturity of 90 days or less from their date of acquisition would be considered a cash equivalent.

OTTAWA SAFETY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed services

Volunteers contribute an indeterminate number of hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

3. PROPERTY AND EQUIPMENT

	<u>2015</u>		<u>2014</u>
	Accumulated	Net Book	Net Book
<u>Cost</u>	<u>Amortization</u>	<u>Value</u>	<u>Value</u>
Vehicles	\$293,773	\$258,197	\$ 35,576
Office furniture and equipment	124,398	120,710	3,688
Computer hardware and software	117,970	86,802	31,168
Software under development	<u>13,096</u>	<u>-</u>	<u>13,096</u>
	<u>\$549,237</u>	<u>\$465,709</u>	<u>\$ 83,528</u>
			<u>\$ 86,826</u>

Cost and accumulated amortization for December 31, 2014 amounted to \$510,842 and \$424,016 respectively.

4. PREPAID EXPENSES

	<u>2015</u>	<u>2014</u>
Operating prepaid expenses	\$14,284	\$ 8,273
Last month's rent	3,200	3,200
Insurance	24,744	21,743
Student manuals	<u>5,086</u>	<u>5,950</u>
	<u>\$47,314</u>	<u>\$39,166</u>

5. DEFERRED REVENUE

Deferred revenue represents course registration fees received from students in 2015 for courses to be delivered in 2016.

OTTAWA SAFETY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. COMMITMENTS

The organization leases office space at 106-2068 Robertson Road, Ottawa, Ontario. The lease for the premises commenced on April 1, 2011 and ends on March 31, 2016. The lease is for a monthly net amount plus a proportionate share of all costs and expenses incurred by the landlord in operating the building.

The organization has entered into an agreement to lease office space at 301 Moodie Drive, GR03, Ottawa, Ontario. The lease for the premises commenced on March 1, 2016 and ends on February 28, 2026. The lease is for a monthly amount plus a proportionate share of all costs and expenses incurred by the landlord in operating the building.

The terms of the lease include a rent-free period as follows: Year 1, first eight months, Year 2, first seven months, Year 3, first three months, Year 4, first two months and Year 5, the first two months.

Future commitments for the net amount of the lease plus their proportionate share of costs are as follows:

2016	\$ 60,272
2017	61,647
2018	70,298
2019	73,541
2020	<u>73,812</u>
	<u>\$339,570</u>

The Ottawa Safety Council has a right to terminate the lease at 301 Moodie Drive, GR03, Ottawa, Ontario should the crossing guard contract end with the City of Ottawa. If the Ottawa Safety Council elects to exercise its right to terminate, the Ottawa Safety Council will be required to pay the Landlord an amount equal to all unamortized lease inducements. The following scale would be used to calculate the termination amount.

End of Year 1	\$ 77,498
End of Year 2	69,068
End of Year 3	61,324
End of Year 4	51,257
End of Year 5	41,853
End of Year 6	32,166
End of Year 7	22,932
End of Year 8	14,087
End of Year 9	5,959

OTTAWA SAFETY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Ottawa Safety Council is exposed to various risks through its financial instruments. The following analysis provides a measure of the Ottawa Safety Council's risk exposure and concentrations as at December 31, 2015.

Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. It is management's opinion that the Ottawa Safety Council is not exposed to significant credit risk as its main credit risk relate to its accounts receivable. The accounts receivable are managed and analyzed on an ongoing basis. The Ottawa Safety Council is of the opinion that its exposure to bad debts is not significant.

Liquidity risk:

Liquidity risk is the risk that the Ottawa Safety Council will not be able to meet a demand for cash or fund its obligations as they come due. Sufficient short-term investments are on hand at any given time that can readily be converted to cash to cover any expected and unexpected operating requirements.

Currency risk:

Currency risk is the risk to the Ottawa Safety Council's revenues and expenses that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Ottawa Safety Council is not exposed to any currency risk as it has not material transactions in foreign currencies.

Fair value market risk:

The Ottawa Safety Council's investments in cash equivalents and fixed income investments are subject to market risks as the value of these investments will change with market fluctuations. Based on the nature of the investments, it is management's opinion that the Ottawa Safety Council is not exposed to significant fair value market risk.

Interest rate price risk:

The Ottawa Safety Council's fixed income investments earn interest at prevailing market rates. It is management's opinion that these investments do not expose the Ottawa Safety Council to significant interest rate risk.

Changes in risk:

There has been no significant change in the level of risk during the year.

OTTAWA SAFETY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2015</u>	<u>2014</u>
Trade accounts receivable	\$ 14,119	\$355,794
Accrued revenue	-	11,415
Government receivable	<u>5,367</u>	<u>14,591</u>
	<u>\$ 19,486</u>	<u>\$381,800</u>

9. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals consist of the following:

	<u>2015</u>	<u>2014</u>
Trade accounts payable	\$ 37,687	\$ 49,547
Government payable	35,782	1,690
Wages and benefits	<u>44,018</u>	<u>41,300</u>
	<u>\$117,487</u>	<u>\$ 92,537</u>

10. INTERNALLY RESTRICTED NET ASSETS

The Ottawa Safety Council's Board of Directors has internally restricted resources in the amount of \$106,844 (2014 - \$135,867). An amount of \$84,650 has been transferred from unrestricted net assets to the motorcycle fund to be used for the replacement of motorcycles and an amount of \$22,194 has been transferred from unrestricted net assets to the Children's Safety Village fund. These internally restricted funds are not to be used for other purposes without approval of the Board of Directors.

11. CONTRACT SERVICES

The Ottawa Safety Council has a contract with the City of Ottawa for the provision of services for the Adult School Crossing Guard Program and the School Zone Traffic Safety Outreach Program. Revenues generated from these two programs amounted to \$2,002,951 in 2015 (2014 - \$1,767,992). The term of the agreement is for a four year period commencing on August 15, 2013 and terminating July 1, 2017, with the option to renew the agreement for two further two-year terms.