



Financial Statements

For the year ended December 31, 2018

Ottawa Safety Council
Financial Statements
For the year ended December 31, 2018

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Independent Auditor's Report

To the Members of the Ottawa Safety Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ottawa Safety Council (the "organization"), which comprise the statement of financial position as at December 31, 2018, and the statements 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018, 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.

Basis for Opinion

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 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 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 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 organization 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.

Independent Auditor's Report (continued)

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 organization'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 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 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 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that, in our opinion, the accounting principles in Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding year.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
May 2, 2019
Ottawa, Ontario

Ottawa Safety Council Statement of Financial Position

December 31	2018	2017
Assets		
Current		
Cash	\$ 239,803	\$ 109,966
Accounts receivable (Note 1)	247,386	238,906
Prepaid expenses	39,664	39,442
	526,853	388,314
Capital assets (Note 2)	100,093	131,512
	\$ 626,946	\$ 519,826

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	115,043	131,039
Government remittances payable	29,553	24,328
Deferred revenue	1,339	9,467
Current portion of long-term debt (Note 4)	8,473	33,254
	154,408	198,088
Long-term debt (Note 4)	-	8,469
	154,408	206,557
Net assets		
Invested in capital assets (Note 5)	91,620	89,789
Internally restricted net assets (Note 6)	218,913	225,100
Unrestricted net assets (deficiency)	162,005	(1,620)
	472,538	313,269
	\$ 626,946	\$ 519,826

On behalf of the Board:



Ziyad Rahme
Chair



Adrian Benjamin
Senior Vice-Chair

Ottawa Safety Council Statement of Changes in Net Assets

For the year ended December 31, 2018

	Invested in Capital Assets	Internally Restricted Net Assets	Unrestricted Net Assets	2018 Total	2017 Total
Balance (deficiency), beginning of year	\$ 89,789	\$ 225,100	\$ (1,620)	\$ 313,269	\$ 314,380
Excess (deficiency) of revenue over expenses for the year	(39,250)	-	198,519	159,269	(1,111)
Investment in capital assets (Note 6)	7,831	(6,187)	(1,644)	-	-
Principal repayments of term loan	33,250	-	(33,250)	-	-
Balance, end of year	\$ 91,620	\$ 218,913	\$ 162,005	\$ 472,538	\$ 313,269

Ottawa Safety Council Statement of Operations

For the year ended December 31	2018	2017
Program revenue		
School Zone Safety Programs (Note 8)	\$ 2,697,159	\$ 2,497,752
Children's Safety Programs	-	5,125
Motorcycle Program	355,222	405,185
	3,052,381	2,908,062
Other revenue	31,508	35,442
Total revenue	3,083,889	2,943,504
Expenses		
Programs		
Manuals, supplies and equipment	58,896	73,676
Amortization of vehicles	9,853	18,475
Vehicle maintenance and fuel	11,136	19,794
Merchant fees	8,881	12,736
	88,766	124,681
Payroll and personnel		
Wages and benefits	2,427,754	2,419,345
Meals, travel and allowances	85,630	100,759
Contracting and other fees	5,310	9,582
Recruitment, retention and team building	29,897	61,163
	2,548,591	2,590,849
Facilities and overhead		
Rent and storage fees	67,940	62,069
Telephone and internet	7,522	7,744
Interest on bank loan and term loan	910	2,403
	76,372	72,216
General and administrative		
Professional fees, dues and memberships	69,159	44,525
Advertising and promotion	39,226	21,356
Board expenses	14,237	15,518
Insurance	43,892	43,487
Bank fees	2,515	3,679
Office supplies	12,465	11,734
Amortization of capital assets excluding vehicles	17,240	16,570
Loss on disposal of capital assets excluding vehicles (Note 2)	12,157	-
	210,891	156,869
Total expenses	2,924,620	2,944,615
Excess (deficiency) of revenue over expenses for the year	\$ 159,269	\$ (1,111)

Ottawa Safety Council Statement of Cash Flows

For the year ended December 31	2018	2017
Cash flows from (used in) operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 159,269	\$ (1,111)
Adjustment for		
Amortization of capital assets	27,093	35,045
Loss on disposal of capital assets (Note 2)	12,157	-
	198,519	33,934
Changes in non-cash working capital items		
Accounts receivable	(8,480)	9,724
Prepaid expenses	(222)	20,915
Accounts payable and accrued liabilities	(15,996)	18,437
Government remittances payable	5,225	(16,654)
Deferred revenue	(8,128)	9,467
	170,918	75,823
Cash flows from (used in) investing activities		
Acquisition of capital assets	(7,831)	(7,209)
Cash flows from (used in) financing activities		
Principal repayments of bank loan and term loan	(33,250)	(31,488)
Increase in cash during the year	129,837	37,126
Cash, beginning of year	109,966	72,840
Cash, end of year	\$ 239,803	\$ 109,966

Ottawa Safety Council

Summary of Significant Accounting Policies

December 31, 2018

Nature of Organization	<p>The Ottawa Safety Council (the "organization") was issued Letters Patent as a not-for-profit organization under the Corporations Act of Ontario. Effective January 10, 2019, the organization was continued under the Canada Not-for-profit Corporations Act (the "Act") as Ottawa Safety Council Conseil de sécurité d'Ottawa. In accordance with the organization's Articles of Continuance (the "Articles") under the Act, the purposes of the organization are to:</p> <ul style="list-style-type: none">• Deliver best-in-class road safe services, education, training and awareness throughout our communities;• Deliver a variety of programs that support our goal of ensuring safer roads no matter how travelled including, an Adult Crossing Guard Program, a motorcycle instruction and licensing program and other hands-on learning opportunities for people of all ages that help to facilitate road safety and awareness. <p>The organization's Articles establish one class of members. The Articles also require that any property remaining on liquidation of the organization, after the discharge of its liabilities, shall be distributed to one or more qualified donees within the meaning of the subsection 248(1) of the Income Tax Act (Canada).</p> <p>The organization is registered as a charitable organization and in accordance with subsection 149 (1)(f) of the Income Tax Act (Canada) is exempt from income taxes.</p>
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
Financial Statements	<p>These financial statements include the assets, liabilities, net assets, revenue and expenses of the organization, and all committees and programs under the control of the organization's Board of Directors.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p> <p>Significant estimates include assumptions used in: establishing the useful lives and related amortization of capital assets and estimating provisions for accrued liabilities.</p>

Ottawa Safety Council

Summary of Significant Accounting Policies

December 31, 2018

Financial Instruments

Financial instruments are financial assets or financial liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

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

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long-term debt.

The organization has no financial assets or financial liabilities measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The organization recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Capital Assets

Tangible capital assets are recorded at cost. Tangible capital assets include vehicles, office furniture and equipment, computer hardware and leasehold improvements.

Intangible capital assets are recorded at cost. Intangible capital assets include computer software.

Ottawa Safety Council

Summary of Significant Accounting Policies

December 31, 2018

Capital Assets
(continued)

Contributed capital assets are recorded at fair value at the date of contribution.

Amortization expense is charged to the operations using the following annual rates:

Vehicles	5	years straight-line basis
Office furniture and equipment	4	years straight-line basis
Computer hardware and software	4	years straight-line basis
Leasehold improvements	10	years straight-line basis

Capital assets under development are not amortized until development is complete and are put in use.

When a capital asset no longer has any long-term service potential to the organization, the write-down being the excess of its net carrying amount over any residual value is recognized as an expense. A write-down is not reversed in subsequent years.

Revenue Recognition

The organization 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 the fiscal year to which the contribution relates. Contributions with respect to the acquisition of capital assets, if any, are deferred and amortized to revenue on the same basis as the related capital asset. 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.

Program fees are recognized as revenue as service is provided and collectibility is reasonably assured.

Interest and other investment income is unrestricted and is recognized in operations as it is earned in accordance with the organization's financial instruments significant accounting policy as previously described.

Contributed Services and Materials

Volunteers contribute a significant 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. Contributed materials, if any, are not recognized in these financial statements.

Allocation of Expenses

The organization's expenses are presented in the Statement of Operations on a functional basis. Expenses are allocated to their applicable function. Certain expenses incurred can be considered indirect expenses for other functions. Indirect expenses are not allocated among functions.

Ottawa Safety Council Notes to Financial Statements

December 31, 2018

1. Accounts Receivable

Accounts receivable are comprised of:

	2018	2017
City of Ottawa	\$ 210,486	\$ 207,207
Other accounts	36,900	23,143
Government remittances receivable	-	8,556
	\$ 247,386	\$ 238,906

2. Capital Assets

	2018			2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles	\$ 262,798	\$ 244,922	\$ 17,876	\$ 21,193
Office furniture and equipment	66,099	63,442	2,657	5,501
Computer hardware and software	31,712	26,722	4,990	20,172
Leasehold improvements	101,511	26,941	74,570	84,646
	\$ 462,120	\$ 362,027	\$ 100,093	\$ 131,512

During the 2018 fiscal year the organization wrote off capital assets having a cost of \$22,101 and accumulated amortization of \$9,944 resulting in a loss of \$12,157.

3. Credit Facilities

As at December 31, 2018 the organization has available to it an operating line of credit of \$100,000, which bears interest at the bank's prime rate plus 2.90%. The advances under the operating line of credit can be drawn in increments of \$5,000, with interest payable monthly. As at December 31, 2018, the organization had the full balance available to draw under this credit facility.

The organization also has available a VISA credit card account limit of \$30,000 from the same chartered bank as the previously described facilities.

Any advances and borrowings from the chartered bank, including the term loan set out in Note 4 to these financial statements, are secured by a general security agreement consisting of first ranking interest in all personal property of the organization.

Ottawa Safety Council Notes to Financial Statements

December 31, 2018

4. Long-Term Debt

	2018	2017
Term loan, bearing interest at 4.23%, repayable in blended monthly installments of \$2,864, due in April 2019	\$ 8,473	\$ 41,723
Less: Portion due within one year	8,473	33,254
	\$ -	\$ 8,469

5. Net Assets Invested in Capital Assets

Net assets invested in capital assets represents the organization's own financial resources applied to capital assets and is calculated as follows:

	2018	2017
Capital assets - net book value (Note 2)	\$ 100,093	\$ 131,512
Less: Long-term debt (Note 4)	(8,473)	(41,723)
	\$ 91,620	\$ 89,789

6. Internally Restricted Net Assets

During the 2018 fiscal year, an amount of \$6,187 has been transferred from the Motorcycle Fund as a result of the purchase of motorcycles during the year.

The balance and purpose of the internally restricted net assets at the end of the fiscal year of \$218,913 (2017 - \$225,100) are as follows:

- \$37,913 (2017 - \$44,100) allocated to the Motorcycle Fund, which is available for the purchase and replacement of motorcycles;
- \$146,000 (2017 - \$146,000) allocated to the Operating Reserve to provide temporary sustained funding and time to deal with major events; and
- the remaining \$35,000 (2017 - \$35,000) allocated to the Strategic Development Reserve to allow for expansion, general marketing awareness as set out in the organization's strategic direction and plan, when needed, and R&D for new program development.

These internally restricted net assets are not to be used for other purposes without approval of the organization's Board of Directors.

Ottawa Safety Council Notes to Financial Statements

December 31, 2018

7. Commitments and Contingencies

The organization rents its premises at a fixed rate plus a proportionate share of all costs and expenses incurred by the landlord in operating the building. The lease for the premises commenced on March 1, 2016 and ends on February 28, 2026.

Estimated future payments of rent under the lease for the next five years and thereafter are as follows:

2019	\$	73,940
2020		74,525
2021		79,707
2022		80,743
2023		80,743
Thereafter		<u>174,943</u>
	\$	<u>564,601</u>

The organization has a right to terminate the lease agreement should the contract described in Note 8 be ended between the organization and the City of Ottawa. If the organization elects to exercise its right to terminate its lease, the agreement sets out the following schedule of repayments which represents the termination amounts payable at the end of February of the applicable lease year.

2019	\$	61,324
2020		51,257
2021		41,853
2022		32,166
2023		22,932
2024		14,087
2025		5,959

8. Economic Dependence

The organization has a contract with the City of Ottawa for the provision of services for the School Zone Safety Programs comprising the Adult School Crossing Guard Program and the School Zone Traffic Safety Outreach Program. Revenue generated from these two programs amounted to \$2,697,159 (2017 - \$2,497,752). The initial term of the agreement expired and was renewed for a period of two years commencing July 1, 2017 and ending July 1, 2019, with the option of renewing the agreement for an additional two-year term.

Ottawa Safety Council

Notes to Financial Statements

December 31, 2018

9. Financial Instruments Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at December 31, 2018.

The organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities, and commitments and contingencies. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, government remittances payable, long-term debt, and commitments and contingencies.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. The organization is exposed to concentration risk as disclosed in Note 1 to these financial statements. Although not considered a significant risk, credit risk also exists in relation to the organization's cash balances.

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 comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization's revenue and expenses as well as its financial instruments are substantially all in Canadian currency. Consequently, the organization is not significantly exposed to foreign exchange fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest rate instruments present a fair value risk, whereas floating interest rate instruments present a cash flow risk. The organization is exposed to a fair value risk on its fixed interest rate long-term debt set out in Note 4 to these financial statements.

Ottawa Safety Council Notes to Financial Statements

December 31, 2018

9. **Financial Instrument Risks and Concentrations** (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to significant other price risk since its financial instruments are not traded in the market.

Changes in risks

There have been no significant changes in the organization's financial instruments risk exposures during the year ended December 31, 2018.

10. **Related Party**

In January 2018 Community Road Safety Toronto was incorporated under the Canada Not-for-profit Corporations Act. The Ottawa Safety Council is the sole member and therefore controls this new organization. The organization is not active and the Ottawa Safety Council plans to dissolve this entity.

11. **Corresponding Amounts and Financial Disclosures**

In certain instances, 2017 fiscal year corresponding amounts and financial disclosures presented have been reclassified to conform with the financial statement presentation and financial disclosures adopted for the 2018 fiscal year.
