

OTTAWA SAFETY COUNCIL  
FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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

200 Isabella Street, Suite 404

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, 2014, 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

200 Isabella Street, Suite 404

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, 2014, 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.

A handwritten signature in black ink that reads "Mitchell & Holmes". The signature is written in a cursive, flowing style.

MITCHELL & HOLMES

Chartered Accountants, Licensed Public Accountants

March 24, 2015

Ottawa, Ontario

OTTAWA SAFETY COUNCIL  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 46,812	\$237,198
Investments (Note 2)	31,842	31,842
Accounts receivable (Note 7)	381,800	137,175
Prepaid expenses (Note 4)	<u>39,166</u>	<u>39,758</u>
	499,620	445,973
PROPERTY AND EQUIPMENT (Notes 2,3)	<u>86,826</u>	<u>118,845</u>
	<u>\$586,446</u>	<u>\$564,818</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accruals	\$ 92,537	\$ 60,206
Deferred revenue (Note 5)	<u>743</u>	<u>1,843</u>
	<u>93,280</u>	<u>62,049</u>
<u>NET ASSETS</u>		
NET ASSETS		
Net assets invested in capital assets	86,826	118,845
Internally restricted net assets (Note 10)	135,867	135,138
Unrestricted net assets	<u>270,473</u>	<u>248,786</u>
	<u>493,166</u>	<u>502,769</u>
	<u>\$586,446</u>	<u>\$564,818</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, 2014

	<u>2014</u>	<u>2013</u>
REVENUES		
Programs - Motorcycle	\$ 331,930	\$ 332,947
- Public Safety	50,571	21,759
Contract services - City of Ottawa (Note 11)	1,767,992	1,595,028
Gain on disposal of motorcycles	<u>13,127</u>	<u>7,341</u>
	<u>2,163,620</u>	<u>1,957,075</u>
EXPENDITURES		
Advertising and promotion	44,496	46,711
Amortization	49,191	58,332
Bank and credit card charges	18,926	13,871
Board meetings	20,742	4,530
Communications	14,010	14,449
Conferences	1,980	6,541
Consulting fee	27,131	18,177
Equipment rental	15,207	12,844
Instructors' costs	59,893	55,999
Insurance	49,874	48,819
Meals	18,938	15,274
Program supplies	21,093	34,374
Office	19,892	15,869
Postage	1,611	4,108
Professional fees	10,291	19,902
Rent	65,137	64,816
Repairs, maintenance and gasoline	26,772	18,628
Salaries and benefits	1,671,431	1,467,070
Student manuals	9,699	23,014
Training and development	22,233	15,225
Travel	<u>4,676</u>	<u>4,849</u>
	<u>2,173,223</u>	<u>1,963,402</u>
EXCESS OF REVENUE OVER EXPENDITURES		
(EXPENDITURES OVER REVENUES)	\$ <u><u>(9,603)</u></u>	\$ <u><u>(6,327)</u></u>

(See accompanying notes to the financial statements)

OTTAWA SAFETY COUNCIL  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	INVESTED IN CAPITAL ASSETS	UNRESTRICTED	INTERNALLY RESTRICTED NET ASSETS	2014 TOTAL	2013 TOTAL
BALANCE, BEGINNING OF YEAR	\$118,845	\$248,786	\$135,138	\$502,769	\$509,096
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,191)	39,588	-	(9,603)	(6,327)
INTERNALLY IMPOSED RESTRICTIONS (Note 10)	-	(729)	729	-	-
INVESTED IN CAPITAL ASSETS	<u>17,172</u>	<u>(17,172)</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 86,826</u>	<u>\$270,473</u>	<u>\$135,867</u>	<u>\$493,166</u>	<u>\$502,769</u>

(See accompanying notes to the financial statements)

OTTAWA SAFETY COUNCIL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenditures (expenditures over revenues)	\$ (9,603)	\$ (6,327)
Items not affecting cash:		
Gain on disposal of motorcycles	-	(7,341)
Amortization	<u>49,191</u>	<u>58,332</u>
	<u>39,588</u>	<u>44,664</u>
Change in non-cash operating working capital items:		
Accounts receivable	(244,625)	14,426
Prepays	592	17,897
Deferred revenue	(1,100)	1,694
Accounts payable and accruals	<u>32,331</u>	<u>15,570</u>
	<u>(212,802)</u>	<u>49,587</u>
	(173,214)	94,251
INVESTING		
Disposal of capital assets	-	9,636
Purchase of capital assets	<u>(17,172)</u>	<u>(89,398)</u>
NET CASH (OUTFLOW) INFLOW	(190,386)	14,489
CASH POSITION, BEGINNING OF YEAR	<u>269,040</u>	<u>254,551</u>
CASH POSITION, END OF YEAR (1)	<u>\$ 78,654</u>	<u>\$269,040</u>

1. For the purpose of this statement  
cash comprises:

	<u>2014</u>	<u>2013</u>
Cash	\$ 46,812	\$237,198
Investments	<u>31,842</u>	<u>31,842</u>
	<u>\$ 78,654</u>	<u>\$269,040</u>

(See accompanying notes to the financial statements)

OTTAWA SAFETY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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.

Investments

Investments are recorded at stated market value of \$31,842 (2013, \$31,842). The investments consist of a Canada Savings Bond that matured on November 1, 2013.

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, 2014

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, 2014

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>2014</u>		<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Vehicles	\$275,668	\$235,830	\$ 39,838
Office furniture and equipment	124,398	118,955	5,443
Computer hardware and software	<u>110,776</u>	<u>69,231</u>	<u>41,545</u>
	<u>\$510,842</u>	<u>\$424,016</u>	<u>\$ 86,826</u>
			<u>\$118,845</u>

Cost and accumulated amortization for December 31, 2013 amounted to \$529,520 and \$410,675 respectively.

4. PREPAID EXPENSES

	<u>2014</u>	<u>2013</u>
Operating prepaid expenses	\$ 8,273	\$ 5,367
Last month's rent	3,200	3,200
Insurance	21,743	22,170
Student manuals	<u>5,950</u>	<u>9,021</u>
	<u>\$39,166</u>	<u>\$39,758</u>

5. DEFERRED REVENUE

Deferred revenue represents course registration fees received from students in 2014 for courses to be delivered in 2015.

OTTAWA SAFETY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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

2015	\$ 56,350
2016	<u>13,585</u>
	<u>\$ 69,935</u>

The organization has entered into operating lease commitments for office equipment. Future commitments for the lease of office equipment and the vehicle are as follows:

2015	<u>\$ 1,220</u>
------	-----------------

7. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2014</u>	<u>2013</u>
Trade accounts receivable	\$355,794	\$130,252
Accrued revenue	11,415	-
Government receivable	<u>14,591</u>	<u>6,923</u>
	<u>\$381,800</u>	<u>\$137,175</u>

8. CAPITAL DISCLOSURES

For its own purposes, the Ottawa Safety Council defines capital as the sum of net assets invested in capital assets, internally restricted net assets and unrestricted net assets. The Ottawa Safety Council is not subject to externally imposed requirements on capital.

The Ottawa Safety Council's objective when managing capital is to hold sufficient unrestricted net assets to enable it to withstand unexpected financial events.

OTTAWA SAFETY COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

9. 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, 2014.

*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, 2014

10. INTERNALLY RESTRICTED NET ASSETS

The Ottawa Safety Council's Board of Directors has internally restricted resources in the amount of \$135,867 (2013 - \$135,138). An amount of \$102,755 has been transferred from unrestricted net assets to the motorcycle fund to be used for the replacement of motorcycles and an amount of \$33,112 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 \$1,767,992 in 2013 (2013 - \$1,595,028). 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.

12. SUBSEQUENT EVENT

Subsequent to December 31, 2014 but prior to the completion of the annual audit, the Ottawa Safety Council's Board of Directors made the decision to dismiss a member of the organization's management team. A severance package is being negotiated with the individual and the Board of Directors estimate the settlement will be within the range of \$60,000 and \$100,000.