

**10 GARDEN SHARED SPACE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

DRAFT

10 CARDEN SHARED SPACE
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YEAR ENDED DECEMBER 31, 2022

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DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of: 10 Carden Shared Space

Opinion

We have audited the accompanying financial statements of 10 Carden Shared Space, which comprise the statement of financial position as at December 31, 2022 and the statements of operations and 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, these financial statements present fairly, in all material respects, the financial position of 10 Carden Shared Space as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Basis of 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 10 Carden Shared Space 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.

Other matter

The corresponding financial statements are unaudited. The financial statements of 10 Carden Shared Space for the year ended December 31, 2021 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on June 22, 2022.

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 a 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.

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 judgement 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 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.

Guelph, Ontario
May 30, 2023

Chartered Professional Accountants
Licensed Public Accountants

10 CARDEN SHARED SPACE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

| | 2022 | 2021 (note 11) |
|--|---------------------|--------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 0 | \$ 214,594 |
| Short term investments | 780,971 | 781,293 |
| Accounts receivable | 407,115 | 146,221 |
| Government remittances recoverable | 27,080 | 0 |
| Prepaid expenses | <u>19,385</u> | <u>8,993</u> |
| | 1,234,551 | 1,151,101 |
| LOANS RECEIVABLE (note 4) | 115,000 | 0 |
| CAPITAL ASSETS (note 5) | 379,972 | 41,180 |
| INVESTMENTS - 42 CARDEN SHARED SPACE (note 9) | <u>2,501</u> | <u>2,501</u> |
| | <u>\$ 1,732,024</u> | <u>\$ 1,194,782</u> |
| LIABILITIES | | |
| CURRENT | | |
| Bank overdraft | \$ 103,961 | \$ 0 |
| Accounts payable and accrued liabilities | 131,528 | 109,689 |
| Government remittances payable | 0 | 15,482 |
| Deferred contributions (note 7) | 808,652 | 911,608 |
| Due to 42 Carden Shared Space (note 9) | 7,979 | 16,169 |
| Current portion of long term debt (note 6) | <u>40,000</u> | <u>0</u> |
| | 1,092,120 | 1,052,948 |
| LONG TERM DEBT (note 6) | 0 | 40,000 |
| DEFERRED CAPITAL CONTRIBUTIONS (note 8) | <u>538,164</u> | <u>0</u> |
| | <u>1,630,284</u> | <u>1,092,948</u> |
| NET ASSETS | | |
| NET ASSETS - UNRESTRICTED | <u>101,740</u> | <u>101,834</u> |
| | <u>\$ 1,732,024</u> | <u>\$ 1,194,782</u> |

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

10 CARDEN SHARED SPACE**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2022**

| | 2022 | 2021 (note 11) |
|--|--------------------------|--------------------------|
| REVENUES | | |
| Project grants | \$ 887,305 | \$ 767,023 |
| Operating grants | 189,462 | 37,266 |
| Guelph Farmers' Market | 106,406 | 0 |
| Shared event space | 70,144 | 22,031 |
| Nourish kitchen program | 65,349 | 33,300 |
| Miscellaneous | 57,449 | 40,677 |
| Coworking | 35,980 | 34,188 |
| Donations and sponsorships | 30,391 | 28,741 |
| Interest | 21,699 | 16,930 |
| Memberships | 15,367 | 17,705 |
| Building management - 42 Carden Shared Space (note 9) | <u>15,000</u> | <u>15,000</u> |
| | <u>1,494,552</u> | <u>1,012,861</u> |
| EXPENDITURES | | |
| Wages and employee's benefits | 883,425 | 565,015 |
| Program expenses | 375,749 | 366,914 |
| Rent - 42 Carden Shared Space (note 9) | 107,911 | 107,911 |
| Office | 21,422 | 10,849 |
| Discounts - boost and members | 16,802 | 11,667 |
| Professional fees | 15,918 | 9,504 |
| Rent and space fees | 10,491 | 24,360 |
| Amortization | 8,236 | 4,946 |
| Interest and bank charges | 8,080 | 2,218 |
| Insurance | 6,745 | 4,637 |
| Bad debts | <u>917</u> | <u>17,143</u> |
| | <u>1,455,696</u> | <u>1,125,164</u> |
| SURPLUS (DEFICIT) BEFORE OTHER INCOME (EXPENSES) | <u>38,856</u> | <u>(112,303)</u> |
| OTHER INCOME (EXPENSES) | | |
| Flow through projects income (note 13) | 1,224,175 | 509,166 |
| Flow through projects expenses (note 13) | (1,223,705) | (509,481) |
| Contribution to 42 Carden Shared Space (note 9) | (110,000) | 0 |
| Government subsidies | <u>70,580</u> | <u>193,767</u> |
| | <u>(38,950)</u> | <u>193,452</u> |
| (SHORTFALL) EXCESS OF REVENUES OVER EXPENDITURES for the year | (94) | 81,149 |
| NET ASSETS, beginning of year | <u>101,834</u> | <u>20,685</u> |
| NET ASSETS, end of year | <u><u>\$ 101,740</u></u> | <u><u>\$ 101,834</u></u> |

See notes to the financial statements

10 GARDEN SHARED SPACE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | 2022 | 2021 |
|--|---------------------|-------------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| (Shortfall) excess of revenues over expenditures for the year | \$ (94) | \$ 81,149 |
| Items not requiring an outlay of cash | | |
| Amortization | <u>8,236</u> | <u>4,946</u> |
| | 8,142 | 86,095 |
| Changes in non-cash working capital | | |
| Accounts receivable | (260,894) | 29,822 |
| Prepaid expenses | (10,392) | 0 |
| Accounts payable and accrued liabilities | 21,839 | (25,783) |
| Government remittances recoverable/payable | (42,562) | 157 |
| Deferred revenue | 0 | 961 |
| Deferred contributions | <u>(102,956)</u> | <u>84,346</u> |
| | <u>(386,823)</u> | <u>175,598</u> |
| CASH PROVIDED BY FINANCING ACTIVITIES | | |
| Long term debt | <u>0</u> | <u>10,000</u> |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | |
| Purchase of short term investments | (780,970) | 0 |
| Purchase of capital assets | (347,028) | (42,366) |
| Due to 42 Carden Shared Space | (8,190) | (95,154) |
| Loans receivable | (115,000) | 0 |
| Deferred capital contributions | <u>538,164</u> | <u>0</u> |
| | <u>(713,024)</u> | <u>(137,520)</u> |
| NET (DECREASE) INCREASE IN CASH | (1,099,847) | 48,078 |
| NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>995,886</u> | <u>947,808</u> |
| (BANK OVERDRAFT) NET CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ (103,961)</u> | <u>\$ 995,886</u> |
| CASH AND CASH EQUIVALENTS CONSISTS OF: | | |
| (Bank overdraft) cash | \$ (103,961) | \$ 214,594 |
| Term deposits | <u>0</u> | <u>781,292</u> |
| | <u>\$ (103,961)</u> | <u>\$ 995,886</u> |

10 CARDEN SHARED SPACE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

10 Carden Shared Space is a provincial not for profit organization incorporated without share capital. 10 Carden Shared Space is exempt from income tax. Its purpose is to support members working in social change fields. The organization is a platform for those working across sectors and engaging in collaborative work to improve the community. Its tangible offering is downtown coworking and event meeting space, offering students, professionals and researchers working within Guelph a place to gather, exchange ideas and work for change. The organization also offers a range of community-oriented programming including one-on-one mentorship, promotion of social causes, learning and workshops and community animation forming intentional collaborations. Benefits extend to the deepening of community relationships, the opening of new opportunities, and discovery of new ways to solve problems.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) 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. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Guelph Farmers' Market, sponsorships, shared event space, nourish kitchen program, coworking fees and other income are recognized as revenue in the period earned.

Membership fees are recognized as revenue proportionately over the fiscal year to which they relate.

(b) CASH AND CASH EQUIVALENTS

The organization's policy is to disclose bank balances under cash and cash equivalents, including term deposits with a maturity of three months or less from the date of acquisition.

(c) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

| | |
|------------------------|--------------------------------|
| Furniture and fixtures | - 20 % declining balance basis |
| Leaseholds | - 6 years straight line basis |

(d) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

10 CARDEN SHARED SPACE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include contributions deferred to future periods. Actual results could differ from those estimates.

(f) FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and liabilities at fair value, except for a related party transaction which is recorded at cost and measured using the carrying amount or exchange amount depending on the circumstances.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

Cost in a related party transaction with no repayment terms is determined using the consideration transferred or received by the organization in the transaction.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there are, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(g) CONTRIBUTED MATERIALS AND SERVICES

During the year, a number of organizations and individuals donate materials to the organization and a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed materials and services are not recorded in the financial statements.

(h) DEFERRED CONTRIBUTIONS

Deferred contributions include funds received for specific uses for which the related expenditures have not been incurred.

10 CARDEN SHARED SPACE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2022 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to accounts receivable and loans receivable. The organization provides credit to its clients in the normal course of its operations.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk as a result of accounts payable and accrued liabilities and long term debt. The organization controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

4. LOANS RECEIVABLE

In the year, the organization issued \$115,000 (2021 - \$0) in loans to various organizations, as part of the Harvest Impact Loan program. Loans ranging from \$2,500 to \$10,000 were issued with interest rates between 0% to 4%.

5. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net 2022 | Net 2021 |
|------------------------|-------------------|-------------------------------------|---------------------|---------------------|
| Furniture and fixtures | \$ 62,886 | \$ 13,592 | \$ 49,294 | \$ 41,180 |
| Leaseholds | <u>330,678</u> | <u>0</u> | <u>330,678</u> | <u>0</u> |
| | <u>\$ 393,564</u> | <u>\$ 13,592</u> | <u>\$ 379,972</u> | <u>\$ 41,180</u> |

During the year, the organization held assets not in use in the amount of \$347,028 (2021 - \$0).

6. LONG TERM DEBT

| | 2022 | 2021 |
|--|---------------|------------------|
| Canada Emergency Business Account loan, non-interest bearing, principal due December 31, 2023, unsecured | \$ 40,000 | \$ 40,000 |
| Less current portion: Cash repayments required within 12 months | <u>40,000</u> | <u>0</u> |
| | <u>\$ 0</u> | <u>\$ 40,000</u> |

10 CARDEN SHARED SPACE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

7. DEFERRED CONTRIBUTIONS

Deferred contributions, which consist of the unexpended portion of project grants received that relates to future periods less related expenditures, is as follows:

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Balance, beginning of the year | \$ 911,608 | \$ 827,262 |
| Less amount recognized as revenue in the year | (1,757,760) | (1,119,171) |
| Plus amount received related to the following year | <u>1,654,804</u> | <u>1,203,517</u> |
| Balance, end of year | <u>\$ 808,652</u> | <u>\$ 911,608</u> |

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are recognized as revenue at the same basis as the amortization of the underlying capital asset.

| | 2022 | 2021 |
|--|-------------------|-------------|
| Balance, beginning | \$ 0 | \$ 0 |
| Plus amount received related to the following year | 618,215 | 0 |
| Less amount recognized as revenue | <u>(80,051)</u> | <u>0</u> |
| | <u>\$ 538,164</u> | <u>\$ 0</u> |

9. RELATED PARTY TRANSACTIONS

10 Carden Shared Space and 42 Carden Shared Space are related entities through common control. The By Laws of 42 Carden Shares Space grant 10 Carden Shared Space, a founding member, eight votes on any question submitted to any member meetings. The Board of Directors of 42 Carden Shared Space is a minimum of one and maximum of ten.

10 Carden Shared Space owns a community bond Series A in 42 Carden Shared Space with a cost of \$2,501 (2021 - \$2,501).

All transactions are recorded at the exchange value. The value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

10 Carden Shared Space leases floor space from 42 Carden Shared Space and perform building management services. During the year, the organization had the following transactions:

| | 2022 | 2021 |
|--|-------------|-------------|
| Building management - 42 Carden Shared Space | 15,000 | 15,000 |
| Rent expense | (107,911) | (107,911) |
| Contribution to 42 Carden Shared Space | (110,000) | 0 |

The amounts due to related parties are as follows:

| | 2022 | 2021 |
|------------------------|-----------------|------------------|
| 42 Carden Shared Space | <u>\$ 7,979</u> | <u>\$ 16,169</u> |

The advances to (from) related parties are non-interest bearing, unsecured and are due on demand.

10 CARDEN SHARED SPACE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

10. COMMITMENTS

The organization has an operating lease for the premises. Future minimum lease payments for the headquarters are as follows:

| | |
|------|-------------------|
| 2023 | \$ 129,727 |
| 2024 | 130,950 |
| 2025 | 132,192 |
| 2026 | 133,452 |
| 2027 | <u>134,730</u> |
| | <u>\$ 661,051</u> |

During the year, the organization entered into a six year lease with the City of Guelph for the Guelph Farmers' Market. Commencing on January 1, 2023, base rent will be owed to the City based on the total amount of annual vendor fees and rental charges received. The City will be paid between 0% - 20% of these fees, depending on the annual total, with the first payment due April 1, 2024.

11. CORRESPONDING FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.

12. FLOW THROUGH FUNDS

The organization has two flow through funds held by the Guelph Community Foundation. Under the terms of the flow through funds, the capital cannot be withdrawn and only the related income can be distributed to the organization. The flow through funds are controlled by the Guelph Community Foundation, and are not included in the organization's assets. The market value of the flow through funds held is as follows:

| | 2022 | 2021 |
|---------------------|------------------|------------------|
| Harvest Impact Fund | \$ 10,416 | \$ 10,128 |
| Change Fund | <u>18,432</u> | <u>6,000</u> |
| | <u>\$ 28,848</u> | <u>\$ 16,128</u> |

The distribution from the flow through funds during the year was \$0 (2021 - \$0).

13. INDIGENOUS FOOD SOVEREIGNTY AND SECURITY

The Indigenous Food Sovereignty and Security includes the following projects within the flow through income and expense:

| | Income | Expense |
|-------------------------|------------------|------------------|
| Medicine bundles | \$ 30,000 | \$ 30,000 |
| Second harvest | 50,000 | 48,759 |
| Canadian race relations | 6,430 | 6,430 |
| Our food future | <u>0</u> | <u>1,639</u> |
| | <u>\$ 86,430</u> | <u>\$ 86,828</u> |