ONTARIO PUBLIC INTEREST RESEARCH GROUP MCMASTER

FINANCIAL STATEMENTS

AUGUST 31, 2022

INDEX

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Ontario Public Interest Research Group McMaster

Qualified Opinion
We have audited the financial statements of Ontario Public Interest Research Group McMaster, which comprise the balance sheet as at August 31, 2022, and the statements of revenues and expenses 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 August 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 for Qualified Opinion
In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2022 and 2021, current assets as at August 31, 2022 and 2021, and net assets as at September 1 and August 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended August 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified 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.

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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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

DBK Accounting Professional Corporation

DBK Accounting Professional Corporation
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

Hamilton, Ontario
January 15, 2023

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ONTARIO PUBLIC INTEREST RESEARCH GROUP MCMASTER

BALANCE SHEET
AS AT AUGUST 31, 2022

	2022	2021
ASSETS		
Current assets		
Cash	$ 82,444	$ 73,462
Accounts receivable	197	-
Prepaid expenses	5,661	4,745
	88,302	78,207
Capital assets (Note 3)	5,891	4,493
	$ 94,193	$ 82,700
LIABILITY		
Current liability		
Accounts payable and accrued liabilities	$ 5,818	$ 10,305
FUND BALANCES		
Unrestricted	88,375	72,395
	$ 94,193	$ 82,700

Approved on behalf of the Board of Directors:

____________________ Director ____________________ Director

ONTARIO PUBLIC INTEREST RESEARCH GROUP MCMASTER

STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021
Revenues		
Student fees	$ 142,209	$ 99,110
Grants and programs	10,696	-
Other income	266	490
Merchandise	40	-
	153,211	99,600
Expenses		
Accounting and legal	2,810	1,198
Advertising and promotion	1,655	1,711
Amortization	1,413	1,168
Fair trade products	60	205
Insurance	2,655	2,357
Office	2,461	490
Other programming	6,286	5,876
Professional fees	5,198	4,595
Projects	17,881	6,408
Salaries and related benefits	91,657	55,624
Telephone and utilities	431	417
Training and development	313	233
University fees	1,422	991
Working groups	2,989	2,998
	137,231	84,271
Excess of revenues over expenses for the year	15,980	15,329
Unrestricted, beginning of year	72,395	57,066
Unrestricted, end of year	$ 88,375	$ 72,395

ONTARIO PUBLIC INTEREST RESEARCH GROUP MCMASTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021
Operating activities		
Excess of revenues over expenses	$ 15,980	$ 15,329
Adjustment for		
Amortization	1,413	1,168
	17,393	16,497
Net Change in non-cash working capital items		
Accounts receivable	(197)	-
Prepaid expenses	(916)	1,373
Accounts payable and accrued liabilities	(4,487)	(1,254)
	11,793	16,616
Investing activity		
Purchase of capital assets	(2,811)	(791)
Increase in cash	8,982	15,825
Cash, beginning of year	73,462	57,637
Cash, end of year	$ 82,444	$ 73,462

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

1. Nature of operations

Ontario Public Interest Research Group McMaster was incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act on December 2, 1996. The corporation is a not-for-profit organization and is therefore exempt from payment of income taxes as provided under the Income Tax Act.

The organization's purpose is to engage in charitable research and other non-profit activities to advance the welfare of the community.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) **Capital assets**

Capital assets are recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	20%
Computer equipment	30%

(b) **Revenue recognition**

Restricted donations are recognized as revenue in the year in which the related grants are expensed.

Unrestricted donations are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance is recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants and programs are recognized as revenue in the year in which the related grants and programs are expensed.

(c) **Volunteer Service**

Because the hours of service by volunteers are not normally purchased by the organization and the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

2. Significant accounting policies, continued

(d) Use of estimates

The preparation of 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. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are valuation of accounts receivable.

(e) Financial instrument classification

The organization 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 organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

At the end of reporting period, the organization assesses whether there are any indications that a financial asset may be impaired. When there is an indication of impairment, the carrying amount of the asset is reduced and the amount of the reduction is recognized as an impairment loss in the statement of revenues and expenses.

3. Capital assets

	Cost	Accumulated amortization	2022 Net	2021 Net
Furniture and fixtures	$ 11,514	$ 8,385	$ 3,129	$ 3,295
Computer equipment	21,579	18,817	2,762	1,198
	$ 33,093	$ 27,202	$ 5,891	$ 4,493

4. Economic dependence

The organization receives the majority of its revenue through a funding agreement with McMaster University whereby a portion of the student's fees is contributed to the organization. The agreement can be cancelled by McMaster University if the organization does not observe established guidelines.

As the organization's primary source of revenue is from student fees, its ability to continue viable operations is dependent upon maintaining its agreement with McMaster University.

5. Financial instruments

Credit risk

The organization does have credit risk in accounts receivable of $197. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.The organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the organization is low and is not material.

Liquidity risk

Liquidity risk arise through having excess financial obligations over available financial assets at any point in time. The organization's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The organization achieves this by attempting to maintain sufficient cash and cash equivalents.