

PILLAR NONPROFIT NETWORK
SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022





Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Pillar Nonprofit Network

Opinion

The summary consolidated financial statements, which comprise of the summary statements of consolidated financial position as at December 31, 2022 and the summary consolidated statements of operations for the year then ended are derived from the audited consolidated financial statements of Pillar Nonprofit Network as at December 31, 2022. We expressed an opinion on those consolidated financial statements in our report dated April 21, 2023.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the audited consolidated financial statements, on the basis described in Note 2. However, the summary consolidated financial statements could be misstated to the equivalent extent as the audited statements of Pillar Nonprofit Network for the year then ended December 31, 2022.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by the Canadian accounting standards for not-for-profit organizations. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated April 21, 2023. That report also includes:

- A *Material Uncertainty Related to Going Concern* section that draws attention to Note 19 in the audited consolidated financial statements, the deficit of revenues over expenditures in the current period, and the deficit balance of the unrestricted fund at the year end. These conditions, along with others set forth in Note 19, indicate the existence of a material uncertainty that may cast significant doubt on the organization's ability to continue as a going concern. These matters are addressed in Note 3 of the summary consolidated financial statements.
- The communication of an *Other Matter* section that draws attention to Note 18 in the audited consolidated financial statements that outlines a change in accounting policy. The audited consolidated financial statements include the accounts of VergeSVX Inc, previously measured using the equity method. This change in accounting policy is effective January 1, 2022 and the change has been applied retrospectively.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation and fair summarization of the audited consolidated financial statements on the basis described in Note 2.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which we conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

London, Ontario
April 21, 2023

Davis Martindale LLP

Chartered Professional Accountants
Licensed Public Accountants



PILLAR NONPROFIT NETWORK
Consolidated Financial Highlights
As at December 31, 2022 years then ended.

	2022	2021
	\$	\$
Summarized Statement of Financial Position		
Current assets	1,982,860	2,739,263
Intangible and capital assets	4,447,527	4,615,183
Long-term assets	<u>786,361</u>	<u>748,828</u>
	<u>7,216,748</u>	<u>8,103,274</u>
Current liabilities	1,667,138	834,785
Deferred contributions	2,179,543	2,227,183
Deferred capital contributions	1,524,708	1,601,096
Long-term debt	550,216	1,819,469
Community bonds	<u>1,000,000</u>	<u>1,000,000</u>
	<u>6,921,605</u>	<u>7,482,533</u>
Unrestricted Fund	(152,390)	172,494
Innovations Works Building Reserve Fund	200,000	200,000
Working Capital Contingency Fund	<u>250,000</u>	<u>250,000</u>
	297,610	622,494
Non-controlling interest	<u>(2,467)</u>	<u>(1,753)</u>
	<u>295,143</u>	<u>620,741</u>
	<u>7,216,748</u>	<u>8,103,274</u>



PILLAR NONPROFIT NETWORK
Consolidated Financial Highlights
As at December 31, 2022 years then ended.

Summarized Statement of Operations

Revenues		
Grant revenue	1,091,538	1,344,108
Organization and program revenue	421,029	443,928
Donations	160,857	199,845
Lease revenue	610,454	515,967
Amortization of deferred capital contributions	124,028	178,611
Other income	61,052	63,657
	<u>2,468,958</u>	<u>2,746,116</u>
Expenditures		
Amortization of intangible and capital assets	185,315	194,577
Operational costs	266,036	224,534
Program expenses	257,922	627,469
Innovation Works building expenses	232,308	223,977
Interest on long-term debt	105,102	110,478
Salaries and benefits	1,700,233	1,565,480
	<u>2,746,916</u>	<u>2,946,515</u>
Deficit of Revenues over Expenditures from Operations	(277,958)	(200,399)
Other (Expenditures) Income		
Government assistance		192,500
Write down on investments	(47,640)	(96,494)
	<u>(47,640)</u>	<u>96,006</u>
Deficit of Revenues over Expenditures	<u>(325,598)</u>	<u>(104,393)</u>
Deficit of Revenues over Expenditures is allocated as follows:		
Parent	(324,884)	(104,566)
Non-controlling interest	(714)	173
	<u>(325,598)</u>	<u>(104,393)</u>



PILLAR NONPROFIT NETWORK

Notes to the Summary Consolidated Financial Statements

For the year ended December 31, 2022

1) Nature of Operations

Pillar Nonprofit Network (“the Organization”) was incorporated by letters of patent, under the Ontario Corporation Act, without share capital, on July 21, 2003. On December 9, 2003, the Organization received Federal charitable status.

2) Summary Consolidated Financial Statements

The summary consolidated financial statements are derived from the audited consolidated financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations, as at and for the year ended December 31, 2022.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with, or represent a fair summary of, the audited consolidated financial statements.

Management prepared these summary consolidated financial statements using the following criteria:

- information in the summary consolidated financial statements agrees with the related information in the audited consolidated financial statements;
- major subtotals, totals and comparative information from the audited consolidated financial statements are included; and
- the summary consolidated financial statements contain the information from the audited consolidated financial statements dealing with matters having a pervasive or otherwise significant effect on the summary consolidated financial statements.

Management determined that the statement of cash flows does not provide additional useful information and such has not included them as part of the summary consolidated financial statements.

The complete audited consolidated financial statements of the Pillar Nonprofit Network are available upon request by contacting the Organization.

3) Going Concern

These summary consolidated financial statements have been prepared in accordance with the generally accepted accounting principles that are applicable to a going concern, meaning that the Organization will be able to realize its assets and discharge its liabilities in the normal course of operations. However, the use of the generally accepted accounting principles that are applicable to a going concern may be inappropriate as there is doubt about the appropriateness of the going concern assumptions.

The Organization’s ability to realize an excess of revenues over expenditures and discharge its liabilities depends on careful monitoring of the cash flow, continued support of the debt holders and securing additional grant funding or financing. In the future, management believes the entity will be able to obtain funding and reduce, if not eliminate, the deficit of revenues over expenditures.

