

**Community Development Halton**

**Financial Statements**

**March 31, 2012**



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August 15, 2012

## Independent Auditor's Report

To the Directors of Community Development Halton

We have audited the accompanying financial statements of Community Development Halton, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and accumulated net assets and cash flows for the year then ended, and 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 generally accepted accounting principles, 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, Community Development Halton derives revenue from donations and fundraising the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Community Development Halton and we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses and accumulated net assets.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Pettinelli Mastroluisi LLP*

Chartered Accountants  
Licensed Public Accountants

Hamilton, Ontario

**PETTINELLI MASTROLUISI LLP**

CHARTERED ACCOUNTANTS

# Community Development Halton

## Statement of Financial Position

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	March 31	
	2012	2011
<b>Assets</b>		
Current assets		
Cash	\$ 84,749	\$ 88,489
Accounts receivable	12,575	19,575
Prepaid expenses	4,674	4,674
	<u>101,998</u>	<u>112,738</u>
Restricted cash		
- Operational reserve fund	30,000	30,000
- Funded projects	103,418	48,128
	<u>133,418</u>	<u>78,128</u>
	<u>\$ 235,416</u>	<u>\$ 190,866</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 25,348	\$ 28,004
Deferred contributions (Note 4)	103,418	53,079
	<u>128,766</u>	<u>81,083</u>
<b>Accumulated net assets</b>		
Operating fund	76,650	79,783
Operational reserve fund	30,000	30,000
	<u>106,650</u>	<u>109,783</u>
	<u>\$ 235,416</u>	<u>\$ 190,866</u>

Contractual obligation - Note 5

**APPROVED BY THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Community Development Halton

## Statement of Operations and Accumulated Net Assets

### Operating Fund

	Year ended March 31, 2012			Year ended March 31, 2011		
	Core Operations	Funded Projects	Total	Core Operations	Funded Projects	Total
<b>Revenue</b>						
Regional Municipality of Halton	\$ 244,500	\$ -	\$ 244,500	\$ 225,000	\$ -	\$ 225,000
Project management and administration	76,926	-	76,926	80,100	-	80,100
United Way of Oakville	85,938	-	85,938	62,500	-	62,500
United Way of Burlington/Hamilton	84,738	-	84,738	84,738	-	84,738
Donations	41,542	-	41,542	44,349	-	44,349
Other income	9,937	-	9,937	11,094	-	11,094
Project revenue	-	259,164	259,164	-	218,728	218,728
	<u>543,581</u>	<u>259,164</u>	<u>802,745</u>	<u>507,781</u>	<u>218,728</u>	<u>726,509</u>
<b>Expenses</b>						
Salaries and benefits	338,786	-	338,786	347,192	-	347,192
Office and general	132,985	-	132,985	105,122	-	105,122
Occupancy	46,211	-	46,211	45,556	-	45,556
Travel, meetings and development	17,148	-	17,148	16,112	-	16,112
Equipment lease and maintenance	6,738	-	6,738	7,196	-	7,196
Promotion and publicity	989	-	989	996	-	996
Project expenses	-	259,164	259,164	-	218,728	218,728
	<u>542,857</u>	<u>259,164</u>	<u>802,021</u>	<u>522,174</u>	<u>218,728</u>	<u>740,902</u>
Excess (deficiency) of revenue over expenses from operations before the undernoted	724	-	724	(14,393)	-	(14,393)
Computer equipment	<u>3,857</u>	<u>-</u>	<u>3,857</u>	<u>7,029</u>	<u>-</u>	<u>7,029</u>
Excess (deficiency) of revenue over expenses for the year	(3,133)	-	(3,133)	(21,422)	-	(21,422)
Accumulated net assets at beginning of the year	<u>79,783</u>	<u>-</u>	<u>79,783</u>	<u>101,205</u>	<u>-</u>	<u>101,205</u>
Accumulated net assets at end of the year	<u>\$ 76,650</u>	<u>\$ -</u>	<u>\$ 76,650</u>	<u>\$ 79,783</u>	<u>\$ -</u>	<u>\$ 79,783</u>

# Community Development Halton

## Statement of Cash Flows

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	Year ended March 31	
	2012	2011
Operating activities		
Cash from operations was derived (used) as follows		
Deficiency of revenues over expenditures for the year	\$ (3,133)	\$ (21,422)
Net change in non-cash working capital balances related to operations		
Accounts receivable	7,000	(4,980)
Accounts payable and accrued liabilities	(2,656)	(12,665)
Deferred contributions	50,339	14,073
	<u>54,683</u>	<u>(3,572)</u>
Cash flow (deficiency) from operations and increase (decrease) in cash during the year	51,550	(24,994)
Cash at beginning of the year	<u>166,617</u>	<u>191,611</u>
Cash at end of the year	<u>\$ 218,167</u>	<u>\$ 166,617</u>
Cash comprises		
Unrestricted cash	\$ 84,749	\$ 88,489
Internally restricted cash - operational reserve fund	30,000	30,000
Restricted cash - funded projects	<u>103,418</u>	<u>48,128</u>
	<u>\$ 218,167</u>	<u>\$ 166,617</u>

## Notes to Financial Statements

March 31, 2012

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### 1. Purpose of Organization

Community Development Halton (the "Organization") is a not-for-profit organization that is committed to social development as a desired state of community wellbeing and social change as a continual process towards achieving and sustaining social development for all members of the Halton community.

The Organization was incorporated without share capital under the laws of Ontario and is a registered charity under the Income Tax Act.

### 2. Significant accounting policies

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions and reports on a fund accounting basis. Under this method, unrestricted contributions are recognized as operating fund revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization receives grants and restricted donations which are designated for certain purposes. Restricted contributions are reflected in the statement of financial activities equal to the lesser of the amount of expenses incurred and the amount of funding received.

Net investment income which is not externally restricted is recognized as income of the operating fund when earned.

#### Donated services and gifts in kind

The work of the Organization is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, donated services are not recognized in these statements. Likewise, gifts in kind are not reflected in these financial statements.

#### Fund accounting

##### Operating fund

Revenue and expenses related to the day-to-day activities of the Organization are reported in the Operating Fund.

##### Deferred contributions

The Organization receives funds for projects which are designated for certain purposes. If a project is not complete at the end of a year, revenue is reflected in the statement of financial activities equal to the lesser of the amount of expenses incurred and the amount of funding received.

In accordance with the terms of certain projects, any surplus remaining upon completion of a project may be required to be repaid to the donor. Otherwise, any excess or deficiency of funds is reflected in the statement of financial activities in the year in which the project is completed.

**Notes to Financial Statements****March 31, 2012**

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**2. Significant accounting policies, continued****Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**Financial instruments**

The organization has elected to use the exemption provided by The Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply the following sections of the CICA Handbook: Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation", which would otherwise have applied to the financial statements of the organization for the year ended March 31, 2012. The organization applied the requirements of Section 3861, "Financial Instruments – Disclosures and Presentation".

Financial instruments are classified into one of these five categories: held-for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other liabilities. All financial instruments are initially measured in the statement of financial position at fair value except for certain related party transactions. Subsequent measurement and changes in fair value will depend on their initial classification as follows: loans and receivables, held-to-maturity investments and other liabilities are measured at amortized cost using the effective interest method; held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

Cash is designated as held for trading and is measured at fair value.

Accounts receivable have been classified as loans and receivables and are measured at amortized cost.

Short term investments are classified as held-to-maturity investments and are measured at amortized cost.

Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

## Notes to Financial Statements

March 31, 2012

**3. Future changes to significant accounting policies**

In December 2010, the Accounting Standards Board issued a comprehensive set of new Canadian accounting standards for not-for-profit organizations (ASNPO) effective for fiscal periods beginning on or after January 1, 2012. When the end of a not-for-profit organization's annual reporting period does not coincide with the end of the calendar year, the mandatory date for first-time adoption of ASNPO is effective for fiscal periods beginning on or after December 31, 2011. Early adoption is permitted. The organization is currently analysing the effects of these changes on its financial.

**4. Deferred contributions**

	March 31	
	2012	2011
Halton Nonprofit Network Project	\$ 51,613	\$ 37,841
Opening the Door to Better Health	18,908	-
OTF Youth Leadership in the Community	13,499	-
Change the World	13,200	2,660
Halton Newcomer Strategy	3,390	-
Increased Access 4 Better Health	1,392	-
Poverty Reduction Strategy	650	-
North Oakville Outreach	469	796
Diversity Breakfast	257	257
Advancement of Women in Halton	40	170
Community Engagement	-	6,973
Primary Data	-	4,382
	<u>\$ 103,418</u>	<u>\$ 53,079</u>

**5. Commitments**

The Organization is committed to an operating lease related to office equipment. This lease expires on August 31, 2016 and is payable in quarterly instalments of \$1,149.