

Community Development Halton

Financial Statements

March 31, 2017



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June 12, 2017

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 activities as at March 31, 2017, and the statement of operations and changes in net assets and statement of 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 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 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 to 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 net assets.



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Independent Auditor's Report, continued

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 Community Development Halton as at March 31, 2017 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.

Pettinelli Mastroluisi LLP

**Chartered Accountants
Licensed Public Accountants**

Hamilton, Ontario

Community Development Halton

Statement of Financial Position

	March 31	
	2017	2016
Assets		
Current assets		
Cash	\$ 102,314	\$ 76,034
Accounts receivable	18,505	18,340
Prepaid expenses	<u>4,794</u>	<u>4,794</u>
	125,613	99,168
Restricted cash and short term investments		
Operational reserve fund	55,000	55,000
Funded projects	<u>145,122</u>	<u>107,538</u>
	200,122	162,538
Furniture, fixtures and equipment (Note 2)	<u>24,075</u>	<u>10,427</u>
	<u>\$ 349,810</u>	<u>\$ 272,133</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 34,961	\$ 28,673
Deferred contributions (Note 4)	138,114	107,355
Deferred revenue	<u>60,000</u>	<u>-</u>
	233,075	136,028
Net Assets		
Operating fund	61,735	81,105
Stabilization reserve fund	<u>55,000</u>	<u>55,000</u>
	<u>116,735</u>	<u>136,105</u>
	<u>\$ 349,810</u>	<u>\$ 272,133</u>

Lease commitments (Note 5)

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

_____ Director

_____ Director

Community Development Halton

Statement of Operations and Changes in Net Assets

Operating Fund

	Year ended March 31, 2017			Year ended March 31, 2016		
	Core Operations	Funded Projects	Total	Core Operations	Funded Projects	Total
Revenue						
Regional Municipality of Halton	\$ 240,000	\$ -	\$ 240,000	\$ 240,000	\$ -	\$ 240,000
Ontario Trillium Foundation	-	184,037	184,037	-	173,900	173,900
City of Burlington	-	132,166	132,166	-	79,855	79,855
Project management and administration	98,948	-	98,948	108,608	-	108,608
United Way of Oakville	86,781	-	86,781	86,781	-	86,781
United Way of Burlington/Hamilton	71,716	-	71,716	68,215	-	68,215
Donations	43,263	25,823	69,086	42,063	51,445	93,508
Ministry of Tourism, Culture and Sport	-	43,443	43,443	-	-	-
Government of Canada	-	32,985	32,985	-	2,977	2,977
Ministry of Citizenship and Immigration	-	27,288	27,288	-	47,074	47,074
Other income	13,645	-	13,645	14,497	-	14,497
Ontario Seniors' Secretariat	-	2,413	2,413	-	7,097	7,097
Workshops	2,370	-	2,370	3,270	-	3,270
	<u>556,723</u>	<u>448,155</u>	<u>1,004,878</u>	<u>563,434</u>	<u>362,348</u>	<u>925,782</u>
Expenses						
Salaries and benefits	334,912	73,827	408,739	349,802	37,759	387,561
Subcontractors	76,943	225,302	302,245	69,730	205,217	274,947
Administration	-	63,540	63,540	-	44,979	44,979
Office and general	52,046	11,137	63,183	53,108	9,918	63,026
Occupancy	52,076	-	52,076	51,471	-	51,471
Supplies	-	45,589	45,589	-	34,260	34,260
Travel, meetings and development	24,282	11,068	35,350	22,408	11,940	34,348
Promotion and publicity	829	13,106	13,935	597	1,000	1,597
Amortization	8,628	-	8,628	4,172	-	4,172
Professional fees	7,830	-	7,830	7,504	-	7,504
Moving	7,403	-	7,403	-	-	-
Equipment lease and maintenance	7,188	-	7,188	6,384	-	6,384
Conferences	-	4,586	4,586	-	17,275	17,275
Insurance	3,956	-	3,956	3,835	-	3,835
	<u>576,093</u>	<u>448,155</u>	<u>1,024,248</u>	<u>569,011</u>	<u>362,348</u>	<u>931,359</u>
Deficiency of revenue over expenses from operations	(19,370)	-	(19,370)	(5,577)	-	(5,577)
Net assets at beginning of the year	<u>81,105</u>	<u>-</u>	<u>81,105</u>	<u>86,682</u>	<u>-</u>	<u>86,682</u>
Net assets at end of the year	<u>\$ 61,735</u>	<u>\$ -</u>	<u>\$ 61,735</u>	<u>\$ 81,105</u>	<u>\$ -</u>	<u>\$ 81,105</u>

See accompanying notes to financial statements.

Community Development Halton

Statement of Cash Flows

	Year ended March 31	
	2017	2016
Operating activities		
Cash from operations was derived (used) as follows		
Deficiency of revenues over expenses for the year	\$ (19,370)	\$ (5,577)
Items not affecting cash		
Amortization	8,628	4,172
Deferred contributions recognized as revenue (Note 4)	<u>(448,156)</u>	<u>(362,348)</u>
	<u>(458,898)</u>	<u>(363,753)</u>
Net change in non-cash working capital balances related to operations		
Increase in accounts receivable	(165)	3,545
Increase in accounts payable and accrued liabilities	6,288	4,474
Increase in deferred revenue	<u>60,000</u>	<u>-</u>
	<u>66,123</u>	<u>8,019</u>
	<u>(392,775)</u>	<u>(355,734)</u>
Financing activities		
Received deferred contributions	478,915	341,351
Investing activities		
Purchase of furniture, fixtures and equipment	<u>(22,276)</u>	<u>(702)</u>
Net increase (decrease) in cash during the year	63,864	(15,085)
Cash at beginning of the year	<u>238,572</u>	<u>253,657</u>
Cash at end of the year	<u>\$ 302,436</u>	<u>\$ 238,572</u>
Cash comprises		
Unrestricted cash	\$ 102,314	\$ 76,034
Internally restricted cash - operational reserve fund	55,000	55,000
Externally restricted cash - funded projects	<u>145,122</u>	<u>107,538</u>
	<u>\$ 302,436</u>	<u>\$ 238,572</u>

See accompany notes to financial statements.

Notes to Financial Statements**March 31, 2017**

Nature 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 well-being 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 and exempt from income tax under the Canadian Income Tax Act.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The significant policies are detailed as follows:

Cash

Cash consists of cash on hand and balances with financial institutions, net of outstanding cheques. Short-term investments consist of guaranteed investment certificates (GIC's) with maturity dates of less than one year.

The balance of GIC's on hand as of March 31, 2017 was \$59,705 (2016 - \$58,995).

Furniture, fixtures and equipment

Furniture, fixtures and equipment are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the furniture, fixtures and equipment over their estimated useful lives. The annual amortization rates are as follows:

Furniture, fixtures and equipment	5 years
Leasehold improvements	5 years
Computer equipment	4 years

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 operations 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.

Notes to Financial Statements**March 31, 2017**

1. Significant accounting policies, continued**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 operations 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 funds 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 operations in the year in which the project is completed.

Donated services

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.

Fund accounting**Operating fund**

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

Stabilization reserve fund

In fiscal 2010, the Organization approved the creation of an internally restricted stabilization reserve fund which is maintained to provide for future financial stability.

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 and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Notes to Financial Statements

March 31, 2017

1. Significant accounting policies, continued

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred contributions and deferred revenue.

The Organization has not designated any financial asset or financial liability to be measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess (deficiency) of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is 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 excess (deficiency) of revenue over expenses.

2. Furniture, fixtures and equipment

			March 31	
	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Furniture, fixtures and equipment	\$ 31,515	\$ 15,377	\$ 16,138	\$ 9,518
Leasehold improvements	9,353	1,871	7,482	-
Computer equipment	<u>1,817</u>	<u>1,362</u>	<u>455</u>	<u>909</u>
	<u>\$ 42,685</u>	<u>\$ 18,610</u>	<u>\$ 24,075</u>	<u>\$ 10,427</u>

3. Accounts payable and accrued liabilities

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts become due. Accounts payable and accrued liabilities include payroll remittances of \$7,978 (2016 - \$7,764).

Notes to Financial Statements

March 31, 2017

4. Deferred contributions

Deferred contributions represent unspent funding in connection with incomplete projects at the year-end date. Changes in the balances of deferred contributions are as follows:

	March 31	
	2017	2016
Balance, beginning of year	\$ 107,355	\$ 128,352
Amounts received during the year	478,915	341,351
Amounts recognized as revenue during the year	<u>(448,156)</u>	<u>(362,348)</u>
Balance, end of year	<u>\$ 138,114</u>	<u>\$ 107,355</u>

The balance of deferred contributions at the end of the year is comprised of the following:

	March 31	
	2017	2016
Burlington Physical Literacy Team	\$ 37,950	\$ -
North BurLINKton Youth Grant	26,868	29,066
Halton Nonprofit Initiatives Fund	17,771	22,434
Organizational Capacity Fund	15,234	-
BAFSC Project	12,767	-
Participaction	8,507	11,795
Acton Community Gardens	3,807	4,755
Halton Women's Place Study	3,623	-
Halton Nonprofit Network	2,869	26,930
Healthy Kids Community Challenge - Partnership	2,688	2,275
Participaction/RBC grant	2,183	2,124
Community Activities Fund	1,486	-
New Horizon for Seniors	1,099	-
Youth in Action Conference	1,000	-
Healthy Kids Community Challenge - North BurLINKton	212	1,935
Advancement of Women in Halton	50	-
Healthy Kids Community Challenge - Have a Heart for Burlington	-	5,000
Senior Ambassador Connector Program	-	903
Vol Halton PREB workshop	-	120
Walkers Landing Initiative	-	18
	<u>\$ 138,114</u>	<u>\$ 107,355</u>

Notes to Financial Statements

March 31, 2017

5. Lease commitments

The Organization's approximate total commitments, under various operating leases and a property lease agreement, exclusive of occupancy costs, are as follows:

2018	\$ 55,000
2019	55,000
2020	54,000
2021	55,000
2022	55,000
Subsequent years	<u>23,000</u>
	<u>\$ 297,000</u>

6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. It is management's opinion that the Organization is not exposed to significant credit, liquidity, foreign exchange, interest or concentration risk.