

Community Development Halton

Financial Statements

March 31, 2013



July 8, 2013

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, 2013, 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 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 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.



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 the organization as at March 31, 2013 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.

Comparative Information

Without modifying our opinion, we draw attention to note 3 to the financial statements which describes that Community Development Halton adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at March 31, 2012 and April 1, 2011, and the statements of operations and accumulated net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Pettinelli Mastrolucchi LLP

**Chartered Accountants
Licensed Public Accountants**

Hamilton, Ontario

Community Development Halton

Statement of Financial Position

	March 31		April 1
	2013	2012	2011
Assets			
Current assets			
Cash	\$ 98,288	\$ 84,749	\$ 88,489
Accounts receivable	17,977	12,575	19,575
Prepaid expenses	4,674	4,674	4,674
	<u>120,939</u>	<u>101,998</u>	<u>112,738</u>
Restricted cash			
- Operational reserve fund	40,000	30,000	30,000
- Funded projects	201,618	103,418	48,128
	<u>241,618</u>	<u>133,418</u>	<u>78,128</u>
	<u>\$ 362,557</u>	<u>\$ 235,416</u>	<u>\$ 190,866</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 5)	\$ 28,559	\$ 25,348	\$ 28,004
Deferred contributions (Note 6)	201,454	103,418	53,079
	<u>230,013</u>	<u>128,766</u>	<u>81,083</u>
Accumulated net assets			
Operating fund	92,544	76,650	79,783
Operational reserve fund	40,000	30,000	30,000
	<u>132,544</u>	<u>106,650</u>	<u>109,783</u>
	<u>\$ 362,557</u>	<u>\$ 235,416</u>	<u>\$ 190,866</u>

Contractual obligation - Note 7

APPROVED BY THE BOARD:

_____ Director

_____ Director

Community Development Halton

Statement of Operations and Accumulated Net Assets

Operating Fund

	Year ended March 31, 2013			Year ended March 31, 2012		
	Core Operations	Funded Projects	Total	Core Operations	Funded Projects	Total
Revenue						
Regional Municipality of Halton	\$ 240,000	\$ -	\$ 240,000	\$ 244,500	\$ -	\$ 244,500
Project management and administration	80,167	-	80,167	76,926	-	76,926
United Way of Oakville	85,944	-	85,944	85,938	-	85,938
United Way of Burlington/Hamilton	82,399	-	82,399	84,738	-	84,738
Donations	40,000	-	40,000	41,542	-	41,542
Other income	10,299	-	10,299	9,937	-	9,937
Workshops	6,603	-	6,603	-	-	-
Project revenue	-	337,768	337,768	-	259,164	259,164
	<u>545,412</u>	<u>337,768</u>	<u>883,180</u>	<u>543,581</u>	<u>259,164</u>	<u>802,745</u>
Expenses						
Salaries and benefits	317,864	-	317,864	338,786	-	338,786
Office and general	122,006	-	122,006	132,985	-	132,985
Occupancy	48,939	-	48,939	46,211	-	46,211
Travel, meetings and development	20,544	-	20,544	17,148	-	17,148
Equipment lease and maintenance	7,936	-	7,936	6,738	-	6,738
Promotion and publicity	1,300	-	1,300	989	-	989
Project expenses	-	337,768	337,768	-	259,164	259,164
	<u>518,589</u>	<u>337,768</u>	<u>856,357</u>	<u>542,857</u>	<u>259,164</u>	<u>802,021</u>
Excess (deficiency) of revenue over expenses from operations before the undernoted	26,823	-	26,823	724	-	724
Computer equipment	929	-	929	3,857	-	3,857
Excess (deficiency) of revenue over expenses for the year	25,894	-	25,894	(3,133)	-	(3,133)
Accumulated net assets at beginning of the year	76,650	-	76,650	79,783	-	79,783
	102,544	-	102,544	76,650	-	76,650
Transfer to operational reserve fund (Note 4)	(10,000)	-	(10,000)	-	-	-
Accumulated net assets at end of the year	<u>\$ 92,544</u>	<u>\$ -</u>	<u>\$ 92,544</u>	<u>\$ 76,650</u>	<u>\$ -</u>	<u>\$ 76,650</u>

Community Development Halton

Statement of Cash Flows

	Year ended March 31	
	2013	2012
Operating activities		
Cash from operations was derived (used) as follows		
Excess (deficiency) of revenues over expenditures for the year	\$ 25,894	\$ (3,133)
Net change in non-cash working capital balances related to operations		
Accounts receivable	(5,402)	7,000
Accounts payable and accrued liabilities	3,211	(2,656)
Deferred contributions	98,036	50,339
	<u>95,845</u>	<u>54,683</u>
Cash flow (deficiency) from operations and increase (decrease) in cash during the year	121,739	51,550
Cash at beginning of the year	<u>218,167</u>	<u>166,617</u>
Cash at end of the year	<u>\$ 339,906</u>	<u>\$ 218,167</u>
Cash comprises		
Unrestricted cash	\$ 98,288	\$ 84,749
Internally restricted cash - operational reserve fund	40,000	30,000
Restricted cash - funded projects	<u>201,618</u>	<u>103,418</u>
	<u>\$ 339,906</u>	<u>\$ 218,167</u>

Community Development Halton

Notes to Financial Statements

March 31, 2013

Page 1

1. 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 under the Income Tax Act.

2. Summary of 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 contributions 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 during the period and the amount of funding received.

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

Deferred contributions

The Organization receives funds which are designated for certain purposes and exercises varying levels of control with respect to the management and administration of different projects. Notwithstanding the level of control exercised, it is the Organization's practice to account for the revenues and expenses of all projects on a consistent basis as described below.

If a project is incomplete at the fiscal year-end, revenues are reflected in the statement of financial activities equal to the amount of expenses incurred.

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

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 balance sheet date and the reported amounts of revenues and expenses for the year. Actual results could differ from those estimates.

Community Development Halton

Notes to Financial Statements

March 31, 2013

Page 2

Significant accounting policies (continued)

Financial instruments

Measurement of financial instruments

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

The Organization subsequently measures all its financial assets and financial liabilities at 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 net income.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

3. First-time adoption of accounting standards for not-for-profit organizations

The Organization has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian generally accepted accounting principles.

These financial statements are the first financial statements for which the entity has applied Canadian generally accepted accounting principles for not-for-profit organizations under Part III.

These financial statements for the year ended March 31, 2013 were prepared in accordance with the accounting principles and provisions set out in first-time adoption, Section 1501, for first-time adopters of the basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end.

Community Development Halton

Notes to Financial Statements

March 31, 2013

Page 3

4. Operational reserve fund

In fiscal 2010, by way of a \$30,000 allocation from the operating fund, the Organization approved the creation of an internally restricted operational reserve fund which is maintained to provide for future financial stability. During the year the board approved an additional transfer of \$10,000.

5. Accounts payable and accrued liabilities

Government remittances consist of amounts (such as payroll remittance) required to be paid to government authorities and are recognized when the amounts become due. Government remittances of \$10,790 (2012 - \$12,736) are included in accounts payable and accrued liabilities.

6. Deferred contributions

The amount of contributions deferred for on-going projects comprises:

	March 31	
	2013	2012
Halton Non-Profit Network Project	\$ 65,346	\$ 54,613
Vibrant Cities	64,080	-
BAFSC Project	18,298	-
North BurLINKton Kids	16,778	-
Neighbourhood Outreach	12,927	-
Acton Community Garden	5,811	-
OTF Youth Leadership in the Community	9,390	13,499
Change the World	8,824	10,200
Opening the Door to Better Health	-	18,908
Halton Newcomer Strategy	-	3,390
Increased Access 4 Better Health	-	1,392
Poverty Reduction Strategy	-	650
North Oakville Outreach	-	469
Diversity Breakfast	-	257
Advancement of Women in Halton	-	40
	<u>\$ 201,454</u>	<u>\$ 103,418</u>

7. Commitment

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.

Community Development Halton

Notes to Financial Statements

March 31, 2013

Page 4

8. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more financial risks. 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 unless otherwise noted the organization is not exposed to significant currency, foreign exchange, interest or concentration risk.

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.