

Community Development Halton

Financial Statements

March 31, 2015



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

July 13, 2015

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, 2015, 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 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 accumulated 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, 2015 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 Martoluisi LLP

**Chartered Accountants
Licensed Public Accountants**

Hamilton, Ontario

Community Development Halton

Statement of Financial Position

	March 31	
	2015	2014
Assets		
Current assets		
Cash	\$ 67,265	\$ 89,022
Accounts receivable	21,885	14,773
Prepaid expenses	4,794	11,398
	<u>93,944</u>	<u>115,193</u>
Restricted cash and short term investments		
- Operational reserve fund	55,000	55,000
- Funded projects	131,392	131,197
	<u>186,392</u>	<u>186,197</u>
Furniture, fixtures and equipment (Note 2)	<u>13,897</u>	<u>7,111</u>
	<u>\$ 294,233</u>	<u>\$ 308,501</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 24,199	\$ 28,153
Deferred contributions (Note 4)	128,352	131,168
	<u>152,551</u>	<u>159,321</u>
Accumulated net assets		
Operating fund	86,682	94,180
Operational reserve fund	55,000	55,000
	<u>141,682</u>	<u>149,180</u>
	<u>\$ 294,233</u>	<u>\$ 308,501</u>

Lease commitments (Note 5)

APPROVED BY THE BOARD:

 Director

_____ Director

Community Development Halton

Statement of Operations and Accumulated Net Assets

Operating Fund

	Year ended March 31, 2015			Year ended March 31, 2014		
	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	-	158,262	158,262	-	194,470	194,470
United Way of Oakville	87,657	-	87,657	87,657	-	87,657
City of Burlington	-	86,000	86,000	-	64,080	64,080
Ministry of Citizenship and Immigration	-	78,804	78,804	-	43,679	43,679
United Way of Burlington/Hamilton	76,093	-	76,093	73,047	-	73,047
Project management and administration	70,240	-	70,240	90,610	-	90,610
Donations	42,161	26,564	68,725	41,027	10,231	51,258
Other income	13,026	-	13,026	15,600	-	15,600
Ontario Seniors' Secretariat	-	9,625	9,625	-	-	-
Government of Canada	-	6,802	6,802	-	28,076	28,076
Workshops	5,021	-	5,021	2,251	-	2,251
Heart & Stroke Foundation	-	-	-	-	16,778	16,778
Region of Halton	-	-	-	-	6,300	6,300
	<u>534,198</u>	<u>366,057</u>	<u>900,255</u>	<u>550,192</u>	<u>363,614</u>	<u>913,806</u>
Expenses						
Salaries and benefits	321,942	57,050	378,992	314,920	121,914	436,834
Subcontractors	71,148	203,665	274,813	81,465	134,392	215,857
Office and general Administration	54,415	-	54,415	44,651	3,118	47,769
	-	53,150	53,150	-	61,313	61,313
Occupancy	50,533	-	50,533	49,632	-	49,632
Supplies	-	38,475	38,475	-	16,153	16,153
Travel, meetings and development	22,353	8,062	30,415	21,482	9,723	31,205
Professional fees	7,504	-	7,504	7,504	-	7,504
Conferences	-	5,119	5,119	-	8,561	8,561
Equipment lease and maintenance	5,057	-	5,057	7,125	2,259	9,384
Amortization	4,032	-	4,032	1,778	-	1,778
Insurance	3,652	-	3,652	3,658	-	3,658
Promotion and publicity	1,060	536	1,596	1,341	6,181	7,522
	<u>541,696</u>	<u>366,057</u>	<u>907,753</u>	<u>533,556</u>	<u>363,614</u>	<u>897,170</u>
Excess (deficiency) of revenue over expenses from operations	(7,498)	-	(7,498)	16,636	-	16,636
Accumulated net assets at beginning of the year	94,180	-	94,180	92,544	-	92,544
	86,682	-	86,682	109,180	-	109,180
Transfer to operational reserve fund	-	-	-	(15,000)	-	(15,000)
Accumulated net assets at end of the year	<u>\$ 86,682</u>	<u>\$ -</u>	<u>\$ 86,682</u>	<u>\$ 94,180</u>	<u>\$ -</u>	<u>\$ 94,180</u>

Community Development Halton

Statement of Cash Flows

	Year ended March 31	
	2015	2014
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ (7,498)	\$ 16,636
Items not affecting cash		
Amortization	4,032	1,778
	<u>(3,466)</u>	<u>18,414</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(7,112)	3,204
Decrease (increase) in prepaid expenses	6,604	(6,724)
Increase (decrease) in accounts payable and accrued liabilities	(3,954)	(406)
Increase (decrease) in deferred contributions	(2,816)	(70,286)
	<u>(7,278)</u>	<u>(74,212)</u>
	(10,744)	(55,798)
Cash flows from (used in) investing activities		
Purchase of furniture, fixtures & equipment	<u>(10,818)</u>	<u>(8,889)</u>
Net increase (decrease) in cash during the year	(21,562)	(64,687)
Cash at beginning of the year	<u>275,219</u>	<u>339,906</u>
Cash at end of the year	<u>\$ 253,657</u>	<u>\$ 275,219</u>
Cash comprises		
Unrestricted cash	\$ 67,265	\$ 89,022
Internally restricted cash - operational reserve fund	55,000	55,000
Restricted cash - funded projects	131,392	131,197
	<u>\$ 253,657</u>	<u>\$ 275,219</u>

Notes to Financial Statements

March 31, 2015

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 Canadian Income Tax Act.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. 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, 2015 was \$57,673 (2014 - \$41,390).

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
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, 2015

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 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.

Fund accounting

Operating fund

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

Operational reserve fund

In fiscal 2010, the Organization approved the creation of an internally restricted operational 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 balance sheet 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, 2015

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, if any, 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 and deferred contributions.

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 net income. 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 net income.

2. Furniture, fixtures and equipment

			March 31	
	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Furniture, fixtures and equipment	\$ 17,890	\$ 5,356	\$ 12,534	\$ 7,111
Computer equipment	<u>1,817</u>	<u>454</u>	<u>1,363</u>	<u>-</u>
	<u>\$ 19,707</u>	<u>\$ 5,810</u>	<u>\$ 13,897</u>	<u>\$ 7,111</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 \$7,681 (2014 - \$8,345).

Notes to Financial Statements

March 31, 2015**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	
	2015	2014
Balance, beginning of year	\$ 131,168	\$ 201,454
Amounts received during the year	363,241	293,328
Amounts recognized as revenue during the year	<u>(366,057)</u>	<u>(363,614)</u>
Balance, end of year	<u>\$ 128,352</u>	<u>\$ 131,168</u>

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

	March 31	
	2015	2014
North BurLINKton Active Neighbourhood	\$ 23,456	\$ 57,151
Halton Non-Profit	18,654	3,885
Laidlaw Project	18,445	-
Participaction	17,944	-
BAFSC Project	17,923	17,218
Neighbourhood Outreach	12,927	12,927
Change the World	10,413	11,057
Acton Garden Project	5,666	5,772
Youth In Action Conference	1,000	-
Participaction Teen Challenge	800	500
Senior Ambassador Connector Program	375	-
Sports Week In Burlington	266	1,034
Laidlaw Foundation	200	-
Rotary Club	155	661
Youth Leadership in Community	128	7,543
Seeds of Hope	-	9,222
New Horizons for Seniors	-	4,198
	<u>\$ 128,352</u>	<u>\$ 131,168</u>

5. Lease commitments

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

2016	\$ 53,000
2017	54,000
2018	16,300
2019	<u>3,700</u>
	<u>\$ 127,000</u>

Notes to Financial Statements

March 31, 2015

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.

