

Community Development Halton

Financial Statements

March 31, 2016



June 29, 2016

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, 2016, 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, 2016 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	
	2016	2015
Assets		
Current assets		
Cash	\$ 76,034	\$ 67,265
Accounts receivable	18,340	21,885
Prepaid expenses	4,794	4,794
	<u>99,168</u>	<u>93,944</u>
Restricted cash and short term investments		
- Operational reserve fund	55,000	55,000
- Funded projects	107,538	131,392
	<u>162,538</u>	<u>186,392</u>
Furniture, fixtures and equipment (Note 2)	10,427	13,897
	<u>\$ 272,133</u>	<u>\$ 294,233</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 28,673	\$ 24,199
Deferred contributions (Note 4)	107,355	128,352
	<u>136,028</u>	<u>152,551</u>
Accumulated net assets		
Operating fund	81,105	86,682
Operational reserve fund	55,000	55,000
	<u>136,105</u>	<u>141,682</u>
	<u>\$ 272,133</u>	<u>\$ 294,233</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, 2016			Year ended March 31, 2015		
	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	-	173,900	173,900	-	158,262	158,262
Project management and administration	108,608	-	108,608	70,240	-	70,240
Donations	42,063	51,445	93,508	42,161	26,564	68,725
United Way of Oakville	86,781	-	86,781	87,657	-	87,657
City of Burlington	-	79,855	79,855	-	86,000	86,000
United Way of Burlington/Hamilton	68,215	-	68,215	76,093	-	76,093
Ministry of Citizenship and Immigration	-	47,074	47,074	-	78,804	78,804
Other income	14,497	-	14,497	13,026	-	13,026
Ontario Seniors' Secretariat	-	7,097	7,097	-	9,625	9,625
Workshops	3,270	-	3,270	5,021	-	5,021
Government of Canada	-	2,977	2,977	-	6,802	6,802
	<u>563,434</u>	<u>362,348</u>	<u>925,782</u>	<u>534,198</u>	<u>366,057</u>	<u>900,255</u>
Expenses						
Salaries and benefits	349,802	37,759	387,561	321,942	57,050	378,992
Subcontractors	69,730	205,217	274,947	71,148	203,665	274,813
Office and general	53,108	9,918	63,026	54,415	-	54,415
Occupancy	51,471	-	51,471	50,533	-	50,533
Administration	-	44,979	44,979	-	53,150	53,150
Travel, meetings and development	22,408	11,940	34,348	22,353	8,062	30,415
Supplies	-	34,260	34,260	-	38,475	38,475
Conferences	-	17,275	17,275	-	5,119	5,119
Professional fees	7,504	-	7,504	7,504	-	7,504
Equipment lease and maintenance	6,384	-	6,384	5,057	-	5,057
Amortization	4,172	-	4,172	4,032	-	4,032
Insurance	3,835	-	3,835	3,652	-	3,652
Promotion and publicity	597	1,000	1,597	1,060	536	1,596
	<u>569,011</u>	<u>362,348</u>	<u>931,359</u>	<u>541,696</u>	<u>366,057</u>	<u>907,753</u>
Excess (deficiency) of revenue over expenses from operations	(5,577)	-	(5,577)	(7,498)	-	(7,498)
Accumulated net assets at beginning of the year	<u>86,682</u>	<u>-</u>	<u>86,682</u>	<u>94,180</u>	<u>-</u>	<u>94,180</u>
Accumulated net assets at end of the year	<u>\$ 81,105</u>	<u>\$ -</u>	<u>\$ 81,105</u>	<u>\$ 86,682</u>	<u>\$ -</u>	<u>\$ 86,682</u>

Community Development Halton

Statement of Cash Flows

	Year ended March 31	
	2016	2015
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ (5,577)	\$ (7,498)
Items not affecting cash		
Amortization	<u>4,172</u>	<u>4,032</u>
	<u>(1,405)</u>	<u>- 3,466</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	3,545	(7,112)
Decrease (increase) in prepaid expenses	-	6,604
Increase (decrease) in accounts payable and accrued liabilities	4,474	(3,954)
Increase (decrease) in deferred contributions	<u>(20,997)</u>	<u>(2,816)</u>
	<u>(12,978)</u>	<u>(7,278)</u>
	(14,383)	(10,744)
Cash flows from (used in) investing activities		
Purchase of furniture, fixtures and equipment	<u>(702)</u>	<u>(10,818)</u>
Net increase (decrease) in cash during the year	(15,085)	(21,562)
Cash at beginning of the year	<u>253,657</u>	<u>275,219</u>
Cash at end of the year	<u>\$ 238,572</u>	<u>\$ 253,657</u>
Cash comprises		
Unrestricted cash	\$ 76,034	\$ 67,265
Internally restricted cash - operational reserve fund	55,000	55,000
Restricted cash - funded projects	<u>107,538</u>	<u>131,392</u>
	<u>\$ 238,572</u>	<u>\$ 253,657</u>

Notes to Financial Statements

March 31, 2016

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

The Organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are 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, 2016 was \$58,995 (2015 - \$57,673).

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, 2016

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, 2016

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 deficiency of revenues over expenditures 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 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	2016 Net Book Value	2015 Net Book Value
Furniture, fixtures and equipment	\$ 18,592	\$ 9,074	\$ 9,518	\$ 12,534
Computer equipment	<u>1,817</u>	<u>908</u>	<u>909</u>	<u>1,363</u>
	<u>\$ 20,409</u>	<u>\$ 9,982</u>	<u>\$ 10,427</u>	<u>\$ 13,897</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 \$7,764 (2015 - \$7,681).

Notes to Financial Statements

March 31, 2016

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	
	2016	2015
Balance, beginning of year	\$ 128,352	\$ 131,168
Amounts received during the year	341,351	363,241
Amounts recognized as revenue during the year	<u>(362,348)</u>	<u>(366,057)</u>
	<u>\$ 107,355</u>	<u>\$ 128,352</u>

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

	March 31	
	2016	2015
North BurLINKton Youth Grant	\$ 29,066	\$ -
Halton Nonprofit Network	26,930	-
Halton Nonprofit Initiatives Fund	22,434	-
Participation	11,795	10,413
Healthy Kids Community Challenge - Have a Heart for Burlington	5,000	-
Acton Community Gardens	4,755	5,666
Healthy Kids Community Challenge - Partnership	2,275	-
Participation/RBC grant	2,124	17,944
Healthy Kids Community Challenge - North BurLINKton	1,935	18,654
Senior Ambassador Connector Program	903	375
Volunteer Halton PREB workshop	120	-
Walkers Landing Initiative	18	-
North Burlington Active Neighbourhoods	-	23,456
Laidlaw '3 Things for Burlington' Project	-	18,445
Burlington Age Friendly Seniors Council Project	-	17,923
Neighbourhood Outreach	-	12,927
Youth In Action Conference	-	1,000
Participation Teen Challenge	-	800
Sports Week In Burlington	-	266
Laidlaw Foundation	-	200
Rotary Club	-	155
Youth Leadership In Community	-	128
	<u>\$ 107,355</u>	<u>\$ 128,352</u>

Notes to Financial Statements

March 31, 2016

5. Lease commitments

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

2017	\$ 54,000
2018	55,000
2019	55,000
2020	54,000
2021	55,000
Subsequent years	<u>78,000</u>
	<u>\$ 351,000</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.