

JUN 29 2018

Community Development Halton

Financial Statements

March 31, 2018



June 19, 2018

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, 2018, and the statements of operations and changes in 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 net assets.



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

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, 2018 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

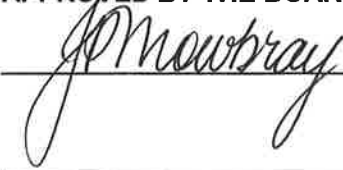
Statement of Financial Position

	March 31	
	2018	2017
Assets		
Current assets		
Cash	\$ 81,170	\$ 102,314
Accounts receivable	36,105	18,505
Prepaid expenses	4,794	4,794
	<u>122,069</u>	<u>125,613</u>
Restricted cash and short-term investments		
Stabilization reserve fund	55,000	55,000
Funded projects	52,644	145,122
	<u>107,644</u>	<u>200,122</u>
Furniture, fixtures and equipment (Note 2)	<u>16,645</u>	<u>24,075</u>
	<u>\$ 246,358</u>	<u>\$ 349,810</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 3)	\$ 30,299	\$ 34,961
Deferred contributions (Note 4)	114,943	198,114
	<u>145,242</u>	<u>233,075</u>
Net Assets		
Operating fund - unrestricted	46,116	61,735
Stabilization reserve fund - internally restricted	55,000	55,000
	<u>101,116</u>	<u>116,735</u>
	<u>\$ 246,358</u>	<u>\$ 349,810</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, 2018			Year ended March 31, 2017		
	Core Operations	Funded Projects	Total	Core Operations	Funded Projects	Total
Revenues						
Ontario Trillium Foundation	\$ -	\$240,399	\$ 240,399	\$ -	\$184,037	\$ 184,037
Regional Municipality of Halton	240,000	-	240,000	240,000	-	240,000
Donations	46,850	51,168	98,018	43,263	25,823	69,086
City of Burlington	-	101,649	101,649	-	132,166	132,166
Project management and administration	99,600	-	99,600	98,948	-	98,948
United Way of Oakville	87,649	-	87,649	86,781	-	86,781
Ministry of Tourism, Culture and Sport	-	80,631	80,631	-	43,443	43,443
United Way of Halton & Hamilton	67,470	-	67,470	71,716	-	71,716
Other income	16,033	-	16,033	13,645	-	13,645
Ministry of Citizenship and Immigration	-	8,507	8,507	-	27,288	27,288
Government of Canada	-	5,868	5,868	-	32,985	32,985
Workshops	3,895	-	3,895	2,370	-	2,370
Ontario Seniors' Secretariat	-	-	-	-	2,413	2,413
	<u>561,497</u>	<u>488,222</u>	<u>1,049,719</u>	<u>556,723</u>	<u>448,155</u>	<u>1,004,878</u>
Expenses						
Salaries and benefits	338,039	129,480	467,519	334,912	73,827	408,739
Subcontractors	83,418	222,241	305,659	76,943	225,302	302,245
Office and general	48,856	21,374	70,230	52,046	11,137	63,183
Occupancy	54,182	-	54,182	52,076	-	52,076
Administration	-	52,248	52,248	-	63,540	63,540
Travel, meetings and development	23,134	16,093	39,227	24,282	11,068	35,350
Supplies	-	35,920	35,920	-	45,589	45,589
Amortization	9,028	-	9,028	8,628	-	8,628
Professional fees	8,550	-	8,550	7,830	-	7,830
Equipment lease and maintenance	7,007	-	7,007	7,188	-	7,188
Promotion and publicity	982	5,125	6,107	829	13,106	13,935
Conferences	-	5,741	5,741	-	4,586	4,586
Insurance	3,920	-	3,920	3,956	-	3,956
Moving	-	-	-	7,403	-	7,403
	<u>577,116</u>	<u>488,222</u>	<u>1,065,338</u>	<u>576,093</u>	<u>448,155</u>	<u>1,024,248</u>
Deficiency of revenues over expenses from operations	(15,619)	-	(15,619)	(19,370)	-	(19,370)
Net assets at beginning of the year	<u>61,735</u>	<u>-</u>	<u>61,735</u>	<u>81,105</u>	<u>-</u>	<u>81,105</u>
Net assets at end of the year	<u>\$ 46,116</u>	<u>\$ -</u>	<u>\$ 46,116</u>	<u>\$ 61,735</u>	<u>\$ -</u>	<u>\$ 61,735</u>

See accompanying notes to financial statements.

Community Development Halton

Statement of Cash Flows

	Year ended March 31	
	2018	2017
Operating activities		
Cash from operations was derived (used) as follows		
Deficiency of revenues over expenses for the year	\$ (15,619)	\$ (19,370)
Items not affecting cash		
Amortization	9,028	8,628
Deferred contributions recognized as revenue	<u>(738,222)</u>	<u>(688,156)</u>
	<u>(744,813)</u>	<u>(698,898)</u>
Net change in non-cash working capital balances related to operations		
Increase in accounts receivable	(17,600)	(165)
(Decrease) increase in accounts payable and accrued liabilities	<u>(4,662)</u>	<u>6,288</u>
	<u>(22,262)</u>	<u>6,123</u>
	<u>(767,075)</u>	<u>(692,775)</u>
Financing activities		
Deferred contributions received related to expenses of future periods	655,051	778,915
Investing activities		
Purchase of furniture, fixtures and equipment	<u>(1,598)</u>	<u>(22,276)</u>
Net (decrease) increase in cash during the year	(113,622)	63,864
Cash and short-term investments at beginning of the year	<u>302,436</u>	<u>238,572</u>
Cash and short-term investments at end of the year	<u>\$ 188,814</u>	<u>\$ 302,436</u>
Cash and short-term investments comprises		
Unrestricted cash	\$ 81,170	\$ 102,314
Internally restricted cash - stabilization reserve fund	55,000	55,000
Externally restricted cash - funded projects	<u>52,644</u>	<u>145,122</u>
	<u>\$ 188,814</u>	<u>\$ 302,436</u>

See accompany notes to financial statements.

Community Development Halton

Notes to Financial Statements

March 31, 2018

Nature of Organization

Community Development Halton (the "Organization") was incorporated on January 23, 1984 as 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, 2018 was \$60,869 (2017 - \$59,705).

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. 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.

Community Development Halton

Notes to Financial Statements

March 31, 2018

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

The Organization utilizes fund accounting and has established the following funds:

Operating fund

Revenues 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.

Community Development Halton

Notes to Financial Statements

March 31, 2018

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, 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 revenues over expenses.

2. Furniture, fixtures and equipment

			March 31	
	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Furniture, fixtures and equipment	\$ 31,515	\$ 21,680	\$ 9,835	\$ 16,138
Leasehold improvements	9,353	3,742	5,611	7,482
Computer equipment	3,415	2,216	1,199	455
	<u>\$ 44,283</u>	<u>\$ 27,638</u>	<u>\$ 16,645</u>	<u>\$ 24,075</u>

Community Development Halton

Notes to Financial Statements

March 31, 2018

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 \$9,110 (2017 - \$7,978).

4. Deferred contributions

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

	March 31	
	2018	2017
Balance, beginning of the year	\$ 198,114	\$ 107,355
Amounts received during the year	655,051	778,915
Amounts recognized as revenue during the year	<u>(738,222)</u>	<u>(688,156)</u>
Balance, end of the year	<u>\$ 114,943</u>	<u>\$ 198,114</u>

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

	March 31	
	2018	2017
Regional Municipality of Halton	\$ 60,000	\$ 60,000
Resiliency 4 Recovery	18,942	-
BAFSC Project	12,960	12,767
Halton Nonprofit Initiatives Fund	7,653	17,771
Organizational Capacity Fund	7,380	15,234
North BurLINKton Youth Grant	6,852	26,868
Youth In Action Conference	1,000	1,000
Advancement of Women in Halton	156	50
Burlington Physical Literacy Team	-	37,950
Participaction	-	8,507
Acton Community Gardens	-	3,807
Halton Women's Place Study	-	3,623
Halton Nonprofit Initiatives Fund	-	2,869
Healthy Kids Community Challenge - Partnership	-	2,688
Participaction/RBC Grant	-	2,183
Community Activities Fund	-	1,486
New Horizon for Seniors	-	1,099
Healthy Kids Community Challenge - North BurLINKton	<u>-</u>	<u>212</u>
	<u>\$ 114,943</u>	<u>\$ 198,114</u>

Community Development Halton

Notes to Financial Statements

March 31, 2018

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:

2019	\$ 55,000
2020	54,000
2021	55,000
2022	55,000
2023	<u>23,000</u>
	<u>\$ 242,000</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. 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.