

Community Development Halton

Financial Statements

March 31, 2021



September 14, 2021

Independent Auditor's Report

To the Directors of Community Development Halton

Qualified Opinion

We have audited the financial statements of Community Development Halton, which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Community Development Halton as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Community Development Halton derives revenue from donations and fundraising activities, 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenues and excess (deficiency) of revenues over expenses reported in the statement of operations, and current assets and net assets reported in the statement of financial position.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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. In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pettinelli Martiolini LLP

Community Development Halton

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	March 31	
	2021	2020
Assets		
Current assets		
Cash	\$ 111,762	\$ 74,229
Short-term investment (Note 3)	30,367	-
Accounts receivable	4,625	9,975
Prepaid expenses	4,794	4,794
	<u>151,548</u>	<u>88,998</u>
Restricted cash		
Funded projects	87,054	52,370
Furniture, fixtures and equipment (Note 4)	-	2,426
	<u>\$ 238,602</u>	<u>\$ 143,794</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 27,184	\$ 27,063
Deferred contributions (Note 6)	152,054	117,102
	<u>179,238</u>	<u>144,165</u>
Canada Emergency Business Account loan payable (Note 7)	40,000	-
	<u>219,238</u>	<u>144,165</u>
Net Assets		
Operating fund - unrestricted	19,364	(371)
	<u>\$ 238,602</u>	<u>\$ 143,794</u>

Lease commitments (Note 8)

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

_____ Director

_____ Director

Community Development Halton

Statement of Operations

March 31, 2021, with comparative information for 2020

	Year ended March 31, 2021			Year ended March 31, 2020		
	Core Operations	Funded Projects	Total	Core Operations	Funded Projects	Total
Revenues						
Regional Municipality of Halton	\$ 260,000	\$ 53,131	\$ 313,131	\$ 265,000	\$ 14,730	\$ 279,730
United Way of Halton & Hamilton	155,112	15,000	170,112	155,119	-	155,119
Project management and administration	54,096	-	54,096	35,536	-	35,536
Other income	24,218	-	24,218	20,603	-	20,603
Donations	7,344	-	7,344	24,783	1,954	26,737
Employment and Social Development Canada	-	100	100	-	23,528	23,528
Java Zealot Studio's Inc. (UBI Works)	-	-	-	-	82,200	82,200
Workshops	-	-	-	11,938	-	11,938
Ontario Trillium Foundation	-	-	-	-	6,174	6,174
	<u>500,770</u>	<u>68,231</u>	<u>569,001</u>	<u>512,979</u>	<u>128,586</u>	<u>641,565</u>
Expenses						
Salaries and benefits	350,889	53,288	404,177	372,177	97,861	470,038
Occupancy	57,265	-	57,265	56,353	-	56,353
Subcontractors	43,116	-	43,116	48,349	3,871	52,220
Office and general	23,675	-	23,675	27,458	83	27,541
Professional fees	9,183	-	9,183	10,660	-	10,660
Equipment lease and maintenance	8,118	-	8,118	8,029	-	8,029
Administration	-	8,068	8,068	-	12,520	12,520
Insurance	4,546	-	4,546	4,222	-	4,222
Supplies	-	3,974	3,974	-	4,328	4,328
Amortization	2,426	-	2,426	6,789	-	6,789
Conferences	-	2,372	2,372	-	200	200
Travel, meetings and development	1,362	529	1,891	7,622	9,723	17,345
Promotion and publicity	455	-	455	756	-	756
	<u>501,035</u>	<u>68,231</u>	<u>569,266</u>	<u>542,415</u>	<u>128,586</u>	<u>671,001</u>
Deficiency of revenues over expenses from operations before the undernoted	<u>(265)</u>	<u>-</u>	<u>(265)</u>	<u>(29,436)</u>	<u>-</u>	<u>(29,436)</u>
Other income						
Forgivable portion of Canada Emergency Business Account loan (Note 7)	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses from operations	<u>\$ 19,735</u>	<u>\$ -</u>	<u>\$ 19,735</u>	<u>\$ (29,436)</u>	<u>\$ -</u>	<u>\$ (29,436)</u>

See accompanying notes to financial statements.

Community Development Halton

Statement of Changes in Net Assets

March 31, 2021, with comparative information for 2020

	Year ended March 31, 2021			Year ended March 31, 2020		
	Operating Fund	Stabilization Reserve Fund	Total	Operating Fund	Stabilization Reserve Fund	Total
Net assets at beginning of the year	\$ (371)	\$ -	\$ (371)	\$ 29,065	\$ -	\$ 29,065
Excess (deficiency) of revenues over expenses from operations	<u>19,735</u>	<u>-</u>	<u>19,735</u>	<u>(29,436)</u>	<u>-</u>	<u>(29,436)</u>
Net assets at end of the year	<u>\$ 19,364</u>	<u>\$ -</u>	<u>\$ 19,364</u>	<u>\$ (371)</u>	<u>\$ -</u>	<u>\$ (371)</u>

See accompanying notes to financial statements.

Community Development Halton

Statement of Cash Flows

March 31, 2021, with comparative information for 2020

	Year ended March 31	
	2021	2020
Operating activities		
Cash from operations was derived (used) as follows:		
Excess (deficiency) of revenues over expenses for the year	\$ 19,735	\$ (29,436)
Items not affecting cash		
Amortization	2,426	6,789
Forgivable portion of Canada Emergency Business Account loan	(20,000)	-
Unrealized investment income	(367)	-
Deferred contributions recognized as revenue	(68,231)	(123,586)
	<u>(66,437)</u>	<u>(146,233)</u>
Net change in non-cash working capital balances related to operations		
Decrease in accounts receivable	5,350	11,087
Increase (decrease) in accounts payable and accrued liabilities	121	(1,785)
	<u>5,471</u>	<u>9,302</u>
	(60,966)	(136,931)
Financing activities		
Deferred contributions received during the year	103,183	147,200
Proceeds of Canada Emergency Business Account loan	60,000	-
	<u>163,183</u>	<u>147,200</u>
Investing activities		
Purchase of short-term investment	<u>(30,000)</u>	<u>-</u>
Net increase in cash during the year	72,217	10,269
Cash at beginning of the year	<u>126,599</u>	<u>116,330</u>
Cash at end of the year	<u>\$ 198,816</u>	<u>\$ 126,599</u>
Cash comprises:		
Unrestricted cash	\$ 111,762	\$ 74,229
Externally restricted cash - funded projects	87,054	52,370
	<u>\$ 198,816</u>	<u>\$ 126,599</u>

See accompanying notes to financial statements.

Community Development Halton

Notes to Financial Statements

March 31, 2021

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 and deposits.

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, 2021

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:

(i) Operating fund

Revenues and expenses related to the day-to-day activities of the Organization are reported in the Operating fund.

(ii) 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.

Government assistance

Government assistance in the form of a forgivable loan is recognized when the Organization becomes entitled to receive it and not at the time such loans are forgiven, subject to recognition considerations as to the purpose of the loan and the likelihood of any forgiveness conditions being satisfied.

Community Development Halton

Notes to Financial Statements

March 31, 2021

1. Significant accounting policies, continued

Financial instruments

(i) 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, short-term investment and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred contributions and Canada Emergency Business Account loan payable.

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

(ii) 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 revenues 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.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in excess (deficiency) of revenues over expenses over the life of the instrument using the straight-line method.

2. Short-term investment

Short-term investment is comprised of a guaranteed investment certificate ("GIC"). The effective interest rate on the GIC held at March 31, 2021 is 1.60%. The maturity date of the GIC is October 26, 2021.

Community Development Halton

Notes to Financial Statements

March 31, 2021

3. Furniture, fixtures and equipment

			March 31	
	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Furniture, fixtures and equipment	\$ 31,515	\$ 31,515	\$ -	\$ -
Leasehold improvements	9,353	9,353	-	1,869
Computer equipment	<u>5,545</u>	<u>5,545</u>	<u>-</u>	<u>557</u>
	<u>\$ 46,413</u>	<u>\$ 46,413</u>	<u>\$ -</u>	<u>\$ 2,426</u>

4. 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 \$6,226 (2020 - \$5,441).

5. Deferred contributions

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

	March 31	
	2021	2020
Balance at beginning of the year	\$ 117,102	\$ 93,488
Amounts received during the year	103,183	147,200
Amounts recognized as revenue during the year	<u>(68,231)</u>	<u>(123,586)</u>
Balance at end of the year	<u>\$ 152,054</u>	<u>\$ 117,102</u>

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

	March 31	
	2021	2020
Senior Isolation	\$ 76,927	\$ -
Regional Municipality of Halton	65,000	65,000
Burlington Age Friendly Council	5,000	5,000
Senior Connectors	3,395	45,270
NHS Project	1,372	1,472
Halton Nonprofit Initiatives Fund	204	204
Advancement of Women in Halton	<u>156</u>	<u>156</u>
	<u>\$ 152,054</u>	<u>\$ 117,102</u>

Community Development Halton

Notes to Financial Statements

March 31, 2021

6. Canada Emergency Business Account loan

During the year, the Organization successfully applied for the Canada Emergency Business Account ("CEBA") loan. This facility was available to eligible businesses and organizations as part of the Government of Canada's COVID-19 economic relief plan to assist with the Organization's operating costs during of the COVID-19 pandemic.

The CEBA loan offers successful applicants a \$60,000 interest free credit facility with no required terms of repayment until December 31, 2022, at which time up to \$20,000 will be forgiven on the condition that the balance has been fully repaid. If the facility is not repaid by the specified date it will be converted into a 5.0% non-revolving term loan maturing on December 31, 2025.

The CEBA loan is subject to review by the Government of Canada and its related authorities. Any resulting adjustments or required repayments that may result from the Government of Canada's review will be reflected in the year of settlement.

As of March 31, 2021, the balance of the CEBA loan is comprised as follows:

	2021	2020
Canada Emergency Business Account loan	\$ 60,000	\$ -
Less: Forgivable portion	<u>(20,000)</u>	<u>-</u>
Canada Emergency Business Account loan payable	<u>\$ 40,000</u>	<u>\$ -</u>

The forgivable portion of the CEBA loan has been recorded as other income in the current year in the statement of operations.

7. Lease commitments

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

2022	\$ 56,000
2023	<u>23,000</u>
	<u>\$ 79,000</u>

8. Financial instruments risk

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.

Community Development Halton

Notes to Financial Statements

March 31, 2021

9. Impact of COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19"), a pandemic resulting in economic uncertainties potentially affecting the Organization's cash flows, financial position and results of operations. At this time, it is unknown the extent of the impact that the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus and duration of the outbreak, forced closures or disruptions and quarantine/isolation measures that are currently, or may be put in place by government authorities to fight the virus.

The Organization's operations were impacted by COVID-19 and resulted in limited availability and capacity of many of its regular programs and service offerings. The Organization continues to assess the impact COVID-19 will have on its business activities in the future, however, the extent of the pandemic and its impact remains uncertain.