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**FINANCIAL STATEMENTS**

**COMMUNITY DEVELOPMENT HALTON**

**FOR THE YEAR ENDED MARCH 31, 2023**

## Contents

	Page
Independent auditor's report	1
Statements of financial position	3
Statement of operations	4
Statement of changes in net assets	5
Statement of cash flow	6
Notes to financial statements	7-13



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**INDEPENDENT AUDITOR'S REPORT**  
**To the Directors of Community Development Halton**

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**Qualified Opinion**

I have audited the accompanying financial statements of Community Development Halton, which comprise the statement of financial position as at March 31, 2023, 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 my opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Community Development Halton as at March 31, 2023, 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.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to amounts recorded in the records of the organization. Therefore I was not able to determine whether, as at and for the year ended March 31, 2023, any adjustments might be necessary to revenues, excess of revenues over expenditures, cash flows from operations, current assets and net assets.

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

**Other Matter- Comparative Information**

The financial statements of Community Development Halton for the year ended March 31, 2022, were audited by another auditor who expressed a qualified opinion on those statements.

**Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**


My 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 my opinion. Reasonable assurance is a high level of assurance, but it 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 controls 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude of 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company 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.

I 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 I identify during my audit.

Milton, Ontario  
August 10, 2023

  
ASTRID LAKATS, CPA, CA  
LICENSED PUBLIC ACCOUNTANT

**COMMUNITY DEVELOPMENT HALTON  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31**

**2023                      2022**

**Assets**

Current

Cash	\$ 129,377	\$ 63,481
Short term investments (Note 2)	-	30,774
Accounts receivable	7,732	10,439
Prepaid expenses	7,948	5,512
	<u>145,057</u>	<u>110,206</u>

Restricted cash - funded projects	29,142	69,238
	<u>\$ 174,199</u>	<u>\$ 179,444</u>

**Liabilities**

Current

Accounts payable and accrued liabilities (Note 3)	\$ 33,760	\$ 37,914
Deferred contributions (Note 4)	99,776	135,488
	<u>133,536</u>	<u>173,402</u>

Canada Emergency Business Account loan payable (Note 5)	40,000	40,000
	<u>173,536</u>	<u>213,402</u>

**Net Assets**

Operating fund - unrestricted	663	(33,958)
	<u>\$ 174,199</u>	<u>\$ 179,444</u>

Commitments (Note 6)

Approved on behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# COMMUNITY DEVELOPMENT HALTON

## STATEMENT OF OPERATIONS

	Year ended March 31, 2023			Year ended March 31, 2022		
	Core Operations	Funded Projects	Total	Core Operations	Funded Projects	Total
<b>Revenues</b>						
Regional Municipality of Halton	\$ 264,997	\$ 96,186	\$ 361,183	\$ 261,250	\$ 66,340	\$ 327,590
United Way of Halton & Hamilton	131,513	-	131,513	124,926	-	124,926
Project management and administration	42,391	-	42,391	46,794	-	46,794
Other income	18,937	-	18,937	38,552	-	38,552
Employment and Social Development Canada	-	1,329	1,329	-	21,710	21,710
Cockwell Foundation	-	16,194	16,194	-	9,264	9,264
Community Foundation of North Halton	-	-	-	-	5,000	5,000
Donations	3,541	-	3,541	2,216	-	2,216
Workshops	-	-	-	3,525	-	3,525
Ontario Trillium Foundation	-	725	725	-	600	600
	461,379	114,434	575,813	477,263	102,914	580,177
<b>Expenditures</b>						
Salaries and benefits	279,865	72,340	352,205	390,854	66,201	457,055
Occupancy	59,281	-	59,281	58,178	-	58,178
Office and General	44,617	6,688	51,305	30,041	4,798	34,839
Subcontractors	24,794	-	24,794	27,231	-	27,231
Administration	-	15,058	15,058	-	12,054	12,054
Conference and communication	-	11,079	11,079	-	1,500	1,500
Professional fees	8,016	-	8,016	9,673	-	9,673
Supplies	-	7,567	7,567	-	18,305	18,305
Insurance	5,460	-	5,460	4,577	-	4,577
Equipment lease and maintenance	3,491	-	3,491	8,097	-	8,097
Travel, meetings and development	1,234	1,702	2,936	1,934	56	1,990
Depreciation	-	-	-	-	-	-
Promotion and publicity	-	-	-	-	-	-
	426,758	114,434	541,192	530,585	102,914	633,499
<b>Excess of revenues over expenditures from operations</b>	\$ 34,621	\$ -	\$ 34,621	\$ (53,322)	\$ -	\$ (53,322)

**COMMUNITY DEVELOPMENT HALTON**  
**STATEMENT OF CHANGES IN NET ASSETS**

	Year ended March 31, 2023			Year ended March 31, 2022		
	Operating Fund	Stabilization Resere Fund	Total	Operating Fund	Stabilization Resere Fund	Total
Net assets, beginning of year	\$ (33,958)	\$ -	\$ (33,958)	\$ 19,364	\$ -	\$ 19,364
Excess of revenues over expenditures	34,621	-	34,621	(53,322)	-	(53,322)
Net assets, end of year	\$ 663	\$ -	\$ 663	\$ ( 33,958 )	\$ -	\$ ( 33,958 )

**COMMUNITY DEVELOPMENT HALTON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31,**

**2023**

**2022**

Cash derived from (applied to)

**Operating**

(Deficiency) excess of revenues over expenditures	\$ 34,621	\$ (53,322)
Unrealized investment income	-	(131)
Deferred contributions recognized as revenue	(114,434)	(102,914)
	(79,813)	(156,367)

Net change in non-cash operating working capital

(Increase) decrease in accounts receivable	2,707	(5,814)
(Increase) decrease in prepaid expenses	(2,436)	(718)
Increase in accounts payable and accrued liabilities	(4,154)	10,730
	(3,883)	4,198

(83,696) (152,169)

**Financing activities**

Deferred contributions received during the year	78,722	86,348
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**Investing**

Purchase (redemption) or reinvestment of short-term investment, net	30,774	(276)
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Net increase (decrease) in cash 25,800 (66,097)

Cash, beginning of year 132,719 198,816

Cash, end of year \$ 158,519 \$ 132,719

Cash composed of:

Unrestricted cash	\$ 129,377	\$ 63,481
Restricted cash - funded projects	29,142	69,238

\$ 158,519 \$ 132,719



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# COMMUNITY DEVELOPMENT HALTON

## NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2023

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### 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.

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### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of CPA Canada Handbook. The significant policies are detailed as follows:

**a) Cash**

Cash consists of cash on hand and balances with financial institutions, net of outstanding cheques and deposits.

**b) 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

**c) 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.

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**COMMUNITY DEVELOPMENT HALTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

**d) 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 or funder. Otherwise, any excess or deficiency of funds is reflected in the statement of operations in the year in which the project is completed.

**e) 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.

**f) 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.

**g) 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

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**COMMUNITY DEVELOPMENT HALTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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.

**h) 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.

**i) 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 expenditures 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**

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The

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**COMMUNITY DEVELOPMENT HALTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

carrying amount of the financial asset may not be 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.

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**2. Short-term investment**

Short-term investment is comprised of a guaranteed investment certificate ("GIC") with a maturity date of April 28, 2022. The effective interest rate on the GIC held at March 31, 2022 is 0.85%.

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**3. Accounts payable and accrued liabilities**

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 14,179	\$ 3,535
Other accruals	11,389	25,310
Government remittances	<u>8,193</u>	<u>9,069</u>
	<u>\$ 33,761</u>	<u>\$ 37,914</u>

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**COMMUNITY DEVELOPMENT HALTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2023**

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**4. Deferred contributions**

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

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$ 135,488	\$ 152,054
Amounts received during the year	78,722	86,348
Amounts recognized as revenue during the year	<u>(114,434)</u>	<u>(102,914)</u>
Balance at end of the year	\$ <u>99,776</u>	\$ <u>135,488</u>

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

	<u>2023</u>	<u>2022</u>
Regional Municipality of Halton	\$ 70,228	\$ 66,250
CDH Educates Workshop Series	23,426	21,141
Burlington Age Friendly Council	3,675	4,400
Senior Connectors	879	13,463
Senior Isolation	803	13,544
Training workshops	405	-
Halton Non-profit Initiatives Fund	204	204
Advancement of Women in Halton	156	156
United Way of Halton & Hamilton - Local Love	-	10,000
Rotary Club	-	5,000
New Horizons for Seniors	<u>          </u>	<u>1,330</u>
	\$ <u>99,776</u>	\$ <u>135,488</u>

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**COMMUNITY DEVELOPMENT HALTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2023**

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**5. Canada Emergency Business Account loan**

In a prior 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, 2023, 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, 2023, the balance of the CEBA loan is comprised as follows:

	<u>2023</u>	<u>2022</u>
Canada Emergency Business Account loan	\$ 60,000	\$ 60,000
Less: Forgivable portion	<u>(20,000)</u>	<u>(20,000)</u>
Canada Emergency Business Account loan payable	<u>\$ 40,000</u>	<u>\$ 40,000</u>

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**6. Lease commitments**

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

2024	\$ 28,991
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**COMMUNITY DEVELOPMENT HALTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2023**

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**7. 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, foreign exchange, interest or concentration risk.

Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$33,760 (2022 - \$37,914). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by monitoring its operating requirements and by preparing budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. It is management's opinion there has been no significant change to the risk exposure.

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**8. 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.

During the year, government and internal restrictions continued to become less imposing and many of the Organization's operations returned to pre-pandemic norms. The Organization continued to receive strong support from regular funders and local foundations.

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**9. Comparative figures**

Certain comparative figures have been reclassified to reflect the current year presentation.

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