

**Community Development Council
Durham**

Financial Statements

For the Year Ended December 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Community Development Council Durham

Opinion

We have audited the financial statements of Community Development Council Durham, (the Organization), which comprise the statement of financial position as at December 31, 2018 and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and 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 Opinion

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 opinion.

Other Information

Management is responsible for the other information. The other information comprises the financial information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is expected to be made available to us after the date of this auditor's report. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

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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.

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 auditor's 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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
June 25, 2019
Toronto, Ontario

Community Development Council Durham
Statement of Financial Position
As at December 31, 2018

	2018	2017
Assets		
Current		
Cash	\$ 509,430	\$ 879,246
Short-term investments	254,520	252,250
Accounts receivable	17,282	20,958
HST recoverable	40,647	35,825
Prepaid expenses	67,872	72,204
	<u>889,751</u>	<u>1,260,483</u>
Property and equipment (Note 3)	497,335	643,330
	\$ 1,387,086	\$ 1,903,813

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 327,212	\$ 197,201
Deferred contributions (Note 4)	484,913	685,628
Deferred rent	13,785	-
	<u>825,910</u>	<u>882,829</u>
Deferred capital contributions (Note 5)	452,704	632,283
	1,278,614	1,515,112

Net Assets

General Fund	-	122,269
Contingency Reserve Fund (Note 6)	63,841	255,385
Property and Equipment Fund (Note 7)	44,631	11,047
	<u>108,472</u>	<u>388,701</u>
	\$ 1,387,086	\$ 1,903,813

Commitments (Note 8)

Approved by the Board  Director  Director

COMMUNITY DEVELOPMENT COUNCIL DURHAM
458 FAIRALL STREET, UNIT 4
AJAX, ONTARIO L1S 1R8

Community Development Council Durham
Statement of Changes in Net Assets
Year Ended December 31, 2018

	General Fund	Contingency Reserve Fund (Note 6)	Property and Equipment Fund	Total 2018	Total 2017
Net assets, beginning of year	\$ 122,269	\$ 255,385	\$ 11,047	\$ 388,701	\$ 323,515
Excess (deficiency) of revenue over expenses	(280,229)	-	-	(280,229)	65,186
Interfund transfers	157,960	(191,544)	33,584	-	-
Net assets, end of year	\$ -	\$ 63,841	\$ 44,631	\$ 108,472	\$ 388,701

Community Development Council Durham
Statement of Operations
Year Ended December 31, 2018

	2018	2017
Revenue		
Immigration, Refugees and Citizenship Canada	\$ 2,759,362	\$ 2,719,271
Ministry of Citizenship and Immigration	102,714	111,829
Ministry of Economic Development, Trade and Employment Region of Durham	-	40,252
Low-Income Energy Assistance Program - United Way of Toronto	2,266,707	1,811,371
Low-Income Energy Assistance Program - United Way of Durham Region	493	-
The Ontario Trillium Foundation	53,872	85,812
Miscellaneous	93,266	133,622
United Way of Durham Region	258,219	218,359
Amortization of deferred capital contributions (Note 5)	7,500	11,256
	179,579	179,775
	5,721,712	5,311,547
Expenses		
Settlement services (Note 10)	2,514,502	2,474,842
Housing support (Note 10)	2,271,715	1,638,851
Administration	685,009	572,012
Community development (Note 10)	346,403	374,906
Amortization (Note 3)	184,312	185,750
	6,001,941	5,246,361
(Deficiency) excess of revenue over expenses	\$ (280,229)	\$ 65,186

Community Development Council Durham
Statement of Cash Flows
Year Ended December 31, 2018

	2018	2017
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenses	\$ (280,229)	\$ 65,186
Items not affecting cash		
Amortization of deferred capital contributions	(179,579)	(179,775)
Amortization of capital assets	184,312	185,750
	(275,496)	71,161
Net changes in non-cash working capital		
Accounts receivable	3,676	1,514
HST recoverable	(4,822)	(2,031)
Prepaid expenses	4,332	(10,243)
Accounts payable and accrued liabilities	130,011	24,023
Deferred contributions	(200,715)	364,425
Deferred rent	13,785	-
	(329,229)	448,849
Investing		
Purchase of property and equipment	(38,317)	(46,570)
Purchase of short-term investments	(254,520)	(252,250)
Maturity of short term investments	252,250	250,000
	(40,587)	(48,820)
Financing		
Capital contributions received	-	44,770
Net change in cash	(369,816)	444,799
Cash, beginning of year	879,246	434,447
Cash, end of year	\$ 509,430	\$ 879,246

1. ORGANIZATION

Community Development Council Durham ("CDCD") is an independent, not-for-profit social planning and community development organization offering services in the areas of research and community development, program and service planning, and the delivery of social service programs in the areas of immigration settlement and housing support.

CDCD is a registered charity under the Income Tax Act (Canada) and is therefore exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for CDCD.

Fund Accounting

The General Fund accounts for CDCD's current operations. The Contingency Reserve Fund was established by CDCD to fund future operating costs. The Property and Equipment Fund is used for non funded equipment purchases. Transfers in and out of the Contingency Reserve and Property and Equipment Funds require Board approval.

Revenue Recognition

CDCD follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Unrestricted revenue and contributions are included in the general fund when received, or deemed receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial Instruments

CDCD initially measures its financial assets and liabilities at fair value. CDCD subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of a write-down, if any, is recognized in the excess of revenue over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in the excess of revenue over expenses.

Community Development Council Durham
Notes to Financial Statements
December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Short-term Investments

Short term investment consist of guaranteed investment certificates with an original term to maturity of less than one year.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is calculated using the following rates per annum:

Computer equipment	-	30% declining balance
Furniture and fixtures	-	20% declining balance
Leasehold improvements	-	10% straight-line

When property and equipment no longer contributes to CDCD's ability to provide services, its carrying amount is written down to its residual value.

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 amounts reported in the financial statements and accompanying notes. Significant estimates in these financial statements include the estimated useful life of property and equipment and allocation of expenses. Actual results could differ from these estimates.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2018	Net 2017
Leasehold improvements	\$ 1,371,237	\$ 1,019,266	\$ 351,971	\$ 475,576
Furniture and fixtures	281,083	206,434	74,649	69,081
Computer equipment	426,551	355,836	70,715	98,673
	\$ 2,078,871	\$ 1,581,536	\$ 497,335	\$ 643,330

Included in amortization expense is \$7,341 (2017 - \$4,837) relating to amortization taken on non-ministry funded capital assets.

Community Development Council Durham
Notes to Financial Statements
December 31, 2018

4. DEFERRED CONTRIBUTIONS

Deferred contributions represents funds received or receivable for ongoing projects that have not been expended as at year end. These amounts will be recognized as revenue in the period the related expenses are incurred.

	2018				2017	
	Opening	Funds Received	Recognized in Revenue	Other adjustment	Closing	Closing
Immigration, Refugees, and Citizenship Canada	\$ 502,074	\$ 2,677,325	\$ (2,759,362)	\$ -	\$ 420,037	\$ 502,074
Ministry of Citizenship and Immigration	30,900	107,986	(102,714)	-	36,172	30,900
Region of Durham	128,770	2,138,000	(2,266,707)	-	63	128,770
The Ontario Trillium Foundation	2,466	82,100	(93,266)	8,700	-	2,466
LEAP/Winter Warmth	5,607	64,864	(53,872)	-	16,599	5,607
Miscellaneous	15,811	166,024	(167,285)	2,528	17,078	15,811
	\$ 685,628	\$ 5,236,299	\$ (5,443,206)	\$ 11,228	\$ 478,721	\$ 685,628

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions from various funders are restricted for the purchase of property and equipment.

	2018	2017
Balance, beginning of year	\$ 632,283	\$ 767,288
Capital contributions received	-	44,770
Amounts recognized as income	(179,579)	(179,775)
Balance, end of year	\$ 452,704	\$ 632,283

6. CONTINGENCY RESERVE FUND

The Contingency Reserve Fund has been established by CDCD to fund future operating costs as approved from time to time by the Board of Directors. During the year the Board approved an allocation of \$191,544 (2017 - \$191,544) from the Contingency Reserve Fund to the General Fund.

7. PROPERTY AND EQUIPMENT FUND

	2018	2017
Property and equipment (Note 3)	\$ 497,335	\$ 643,330
Deferred contributions related to capital assets (Note 5)	(452,704)	(632,283)
	\$ 44,631	\$ 11,047

Community Development Council Durham
Notes to Financial Statements
December 31, 2018

8. COMMITMENTS

Future minimum lease payments for premises are as follows:

2019	\$	416,541
2020		402,592
2021		403,287
2022		211,619
2023		147,808
Thereafter		150,788
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		\$ 1,732,635
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9. FINANCIAL RISK MANAGEMENT

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of term deposits held by CDCD. The short-term interest bearing investments held by CDCD have a limited exposure to interest rate risk due to their short-term maturity.

Credit Risk

CDCD is subject to credit risk through its receivables and term deposits. Credit risk arises from the potential that a counterparty will fail to perform its obligations. Credit risk with respect to term deposits is limited due to the types of instruments held by CDCD.

10. ALLOCATION OF EXPENSES

CDCD allocates common expenses consisting of salaries and administrative expenses based on the estimated time spent on each activity. Such allocations are reviewed regularly by management.

CDCD has allocated its common expenses as follows:

	2018			2017		
	Salaries	Administrative	Total	Salaries	Administrative	Total
Housing support	\$ -	\$ 62,019	\$ 62,019	\$ -	\$ 57,781	\$ 57,781
Settlement services	311,411	420,142	731,553	284,147	385,780	669,927
Community development	-	34,200	34,200	-	27,073	27,073
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	\$ 311,411	\$ 516,361	\$ 827,772	\$ 284,147	\$ 470,634	\$ 754,781
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11. ECONOMIC DEPENDENCE

CDCD relies on funding from the federal, Provincial and regional governments, as well as other funding agencies.

CDCD is contingently liable for all or a portion of grants received should it not use the grant funds as set out in the terms of the respective agreements. The amount of any such repayments are not currently anticipated or determinable. In the event of repayment of a grant, the repayment will be recorded in operations if and when it becomes anticipated and determinable.

12. SUBSEQUENT EVENT

Subsequent to year end the Organization was named in a complaint filed with the Human Rights Commission. The Organization believes that the complaint is without merit and amounts owing, if any, on resolution of the complaint are unknown. Accordingly, no amounts have been recorded in the financial statements.