

**Financial Statements of**  
**Community Development Council Durham**  
**For the year ended December 31, 2020**

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## 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, which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations 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, 2020, 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 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.

### *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.

### *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:

## Independent Auditor's Report — continued

- ♦ 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.

### *Inclusive Accounting - Oshawa*

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario



Oshawa, Ontario

June 2, 2021

## Community Development Council Durham Statement of Financial Position

As at December 31	2020	2019
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 858,077	\$ 254,188
Term deposits (note 3)	151,013	1,000
Accounts receivable	163,910	734,554
Prepaid expenses	105,537	64,864
Government remittances receivable	188,896	102,121
	1,467,433	1,156,727
<b>Property and equipment (note 4)</b>	<b>198,003</b>	<b>324,068</b>
	<b>\$ 1,665,436</b>	<b>\$ 1,480,795</b>
 <b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 181,167	\$ 239,017
Deferred contributions (note 5)	821,585	468,325
Deferred rent	13,785	13,785
	1,016,537	721,127
<b>Deferred capital contributions (note 6)</b>	<b>186,939</b>	<b>314,478</b>
	<b>1,203,476</b>	<b>1,035,605</b>
 <b>Net Assets</b>		
<b>Property and Equipment Fund (note 7)</b>	18,782	9,589
<b>General fund</b>	443,178	435,601
	461,960	445,190
	<b>\$ 1,665,436</b>	<b>\$ 1,480,795</b>

On behalf of the Board

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**COMMUNITY DEVELOPMENT COUNCIL DURHAM**  
 458 FAIRALL STREET, UNIT 4  
 AJAX, ONTARIO L1S 1R6

## Community Development Council Durham Statement of Changes in Net Assets

For the year ended December 31, 2020

	Property and Equipment Fund (note 7)	General fund	Total 2020	Total 2019
Balance, beginning of year	\$ 9,589	\$ 435,601	\$ 445,190	\$ 108,472
Excess (deficiency) of revenue over expenses for the year	(35,841)	52,611	16,770	336,718
Additions to capital assets	45,034	(45,034)	-	-
<b>Balance, end of year</b>	<b>\$ 18,782</b>	<b>\$ 443,178</b>	<b>\$ 461,960</b>	<b>\$ 445,190</b>

## Community Development Council Durham Statement of Operations

For the year ended December 31	2020	2019
<b>Revenue</b>		
Immigration, Refugees and Citizenship Canada	\$ 2,570,584	\$ 2,776,113
Region of Durham	1,811,641	2,112,202
City of Toronto	1,222,265	409,525
Amortization of deferred capital contributions (note 6)	172,573	138,226
Universal Basic Income Works	141,699	-
Ministry of Citizenship and Immigration	101,145	123,816
Miscellaneous	59,703	43,314
Low-Income Energy Assistance Program - United Way of Durham Region	48,963	62,307
Low-Income Energy Assistance Program - United Way of Toronto	8,927	6,487
The Ontario Trillium Foundation	-	8,704
	<u>6,137,500</u>	<u>5,680,694</u>
<b>Expenses</b>		
Settlement services	3,426,690	2,784,274
Housing Support	1,602,659	1,924,714
Administration	497,004	302,256
Community development	415,301	159,464
Amortization	179,076	173,268
	<u>6,120,730</u>	<u>5,343,976</u>
<b>Excess of revenue over expenses for the year</b>	<u>\$ 16,770</u>	<u>\$ 336,718</u>

## Community Development Council Durham Statement of Cash Flows

For the year ended December 31	2020	2019
<b>Cash provided from (used for)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 16,770	\$ 336,718
Items not involving cash		
Amortization of capital assets	179,076	173,268
Amortization of deferred capital contributions	<u>(172,573)</u>	<u>(138,226)</u>
	<u>23,273</u>	<u>371,760</u>
<b>Changes in non-cash working capital items:</b>		
Accounts receivable	570,644	(717,272)
Prepaid expenses	(40,673)	3,008
Government remittances receivable	(86,775)	(61,474)
Accounts payable and accrued liabilities	(57,850)	(88,197)
Deferred contributions	<u>398,295</u>	<u>(16,588)</u>
	<u>783,641</u>	<u>(880,523)</u>
Cash flows from operating activities	<u>806,914</u>	<u>(508,763)</u>
<b>Investing activities</b>		
Purchase of investments	(150,013)	-
Proceeds on sale of investments	-	253,520
Purchase of property and equipment	<u>(53,012)</u>	<u>-</u>
Cash flows from investing activities	<u>(203,025)</u>	<u>253,520</u>
<b>Net increase (decrease) in cash position</b>	<b>603,889</b>	<b>(255,243)</b>
<b>Cash position, beginning of year</b>	<b><u>254,188</u></b>	<b><u>509,431</u></b>
<b>Cash position, end of year</b>	<b><u>\$ 858,077</u></b>	<b><u>\$ 254,188</u></b>



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# Community Development Council Durham

## Notes to Financial Statements

### For the year ended December 31

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#### 1. Nature of operations

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.

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#### 2. Summary of significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

##### (a) *Fund accounting deferred*

The Organization 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.

The General Fund accounts for the Organization's current operations. The Contingency Reserve Fund was established by the Organization 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.

##### (b) *Property and equipment*

Property and equipment are recorded at cost. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

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

##### (c) *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.

**Community Development Council Durham**  
**Notes to Financial Statements**  
**For the year ended December 31**

**2. Summary of significant accounting policies — continued**

(d) *Financial instruments*

The Organization's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks.

**3. Term deposits**

The term deposits bear interest from 0.25% to 1.30% and mature between January 11, 2021 and December 2, 2021.

	<u>2020</u>	<u>2019</u>
GIC investments	\$ <u>151,013</u>	\$ <u>1,000</u>

**4. Property and equipment**

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Leasehold improvements	\$ 1,371,237	\$ 1,293,513	\$ 77,724	\$ 214,848
Computer equipment	472,112	405,569	66,543	49,501
Furniture and fixtures	<u>288,533</u>	<u>234,797</u>	<u>53,736</u>	<u>59,719</u>
	<u>\$ 2,131,882</u>	<u>\$ 1,933,879</u>	<u>\$ 198,003</u>	<u>\$ 324,068</u>

**Community Development Council Durham**  
**Notes to Financial Statements**  
**For the year ended December 31**

**5. Deferred contributions**

	Balance, beginning of year	Received	Recognized	Other	Balance, end of year
Immigration, Refugees, and Citizenship Canada	\$ 143	\$ 2,484,564	\$ (2,609,158)	\$ 124,451	\$ -
Ministry of Citizenship and Immigration	419	107,500	(101,145)	-	6,774
Region of Durham	19,083	2,503,367	(1,802,248)	17,800	738,002
City of Toronto	409,600	819,125	(1,228,725)	-	-
LEAP/UBI/Other	39,080	304,740	(267,011)	-	76,809
	<u>\$ 468,325</u>	<u>\$ 6,219,296</u>	<u>\$ (6,008,287)</u>	<u>\$ 142,251</u>	<u>\$ 821,585</u>

**6. Deferred capital contributions**

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 314,478	\$ 452,704
Amounts recognized as revenue during the year	(172,573)	(138,226)
Additions to capital contributions	45,034	-
Balance, end of year	<u>\$ 186,939</u>	<u>\$ 314,478</u>

**7. Property and equipment fund**

	<u>2020</u>	<u>2019</u>
Property and equipment (note 4)	\$ 198,003	\$ 324,067
Deferred capital contributions (note 6)	<u>(186,939)</u>	<u>(314,478)</u>
	<u>\$ 11,064</u>	<u>\$ 9,589</u>

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**Community Development Council Durham**  
**Notes to Financial Statements**  
**For the year ended December 31**

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**8. Commitments**

Future minimum rental payments required under operating leases that have remaining terms in excess of one year are:

2021	\$ 480,296
2022	487,426
2023	494,698
2024	502,115
Subsequent years	<u>1,049,745</u>
	<u>\$ 3,014,280</u>

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**9. 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.

**Credit risk**

The Organization does have credit risk in accounts receivable of \$163,910 (2019 - \$734,554). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. In the opinion of management the credit risk exposure to the Organization is low and is not material.

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**10. Economic dependence**

The Organization receives the majority of its revenue through funding agreements from the Federal, Provincial, Regional, and Municipal governments. The Organization's continued operations are dependent on these funding agreements and on satisfying the terms of the agreements.

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**11. Subsequent events**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations.

The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

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