

Financial Statements of
Community Development Council Durham
For the year ended December 31, 2021

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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, 2021, 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, 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 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 16, 2022

Community Development Council Durham Statement of Financial Position

As at December 31	2021	2020
Assets		
Current assets		
Cash	\$ 1,646,297	\$ 858,077
Short term investment (note 4)	153,319	151,013
Accounts receivable	145,287	163,910
Prepaid expenses	68,491	105,537
Government remittances receivable	42,792	188,896
	2,056,186	1,467,433
Property and equipment (note 5)	161,091	198,003
	\$ 2,217,277	\$ 1,665,436
 Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 147,566	\$ 181,167
Deferred rent	-	13,785
Deferred contributions (note 6)	1,445,700	821,585
	1,593,266	1,016,537
Deferred capital contributions (note 7)	155,932	186,939
	1,749,198	1,203,476
 Net Assets		
Property and Equipment Fund (note 8)	5,158	363,077
General fund	462,921	98,883
	468,079	461,960
	\$ 2,217,277	\$ 1,665,436

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, 2021

	Property and Equipment Fund	General fund	Total 2021	Total 2020
Balance, beginning of year	\$ 11,064	\$ 450,896	\$ 461,960	\$ 445,190
Excess (deficiency) of revenue over expenditures for the year	7,465	(1,346)	6,119	16,770
Additions to capital assets	129,933	(129,933)	-	-
Capital contributions	(143,304)	143,304	-	-
Balance, end of year	\$ 5,158	\$ 462,921	\$ 468,079	\$ 461,960

Community Development Council Durham Statement of Operations

For the year ended December 31	2021	2020
Revenue		
Region of Durham	\$ 3,086,900	\$ 1,811,641
Immigration, Refugees and Citizenship Canada	3,023,462	2,570,584
Universal Basic Income Works (note 8)	513,178	141,699
The Ontario Trillium Foundation	168,815	-
Amortization of deferred capital contributions	159,382	172,573
Ministry of Citizenship and Immigration	115,249	101,145
Low-Income Energy Assistance Program	110,927	57,890
United Way - all streams	40,594	39,410
Other program revenue	20,949	20,293
City of Toronto	-	1,222,265
	<u>7,239,456</u>	<u>6,137,500</u>
Expenditures		
Amortization	166,847	179,076
Settlement services	2,966,860	3,426,690
Housing Support	2,668,035	1,602,659
Administration	623,757	497,004
Community development	807,838	415,301
	<u>7,233,337</u>	<u>6,120,730</u>
Excess of revenue over expenditures for the year	<u>\$ 6,119</u>	<u>\$ 16,770</u>

Community Development Council Durham Statement of Cash Flows

For the year ended December 31	2021	2020
Cash provided from (used for)		
Operating activities		
Excess of revenue over expenditures	\$ 6,119	\$ 16,770
Items not involving cash		
Amortization of capital assets	166,847	179,076
Amortization of deferred capital contributions	(159,382)	(172,573)
	<u>13,584</u>	<u>23,273</u>
Changes in non-cash working capital items:		
Accounts receivable	18,623	570,644
Prepaid expenses	37,046	(40,673)
Government remittances receivable	146,104	(86,775)
Accounts payable and accrued liabilities	(33,602)	(57,850)
Deferred rent	(13,785)	-
Deferred contributions	752,489	398,295
	<u>906,875</u>	<u>783,641</u>
Cash flows from operating activities	<u>920,459</u>	<u>806,914</u>
Investing activities		
Short term investment	(2,306)	(150,013)
Purchase of property and equipment	(129,933)	(53,012)
Cash flows from investing activities	<u>(132,239)</u>	<u>(203,025)</u>
Net increase in cash position	788,220	603,889
Cash position, beginning of year	858,077	254,188
Cash position, end of year	\$ 1,646,297	\$ 858,077

Community Development Council Durham
Notes to Financial Statements
For the year ended December 31, 2021

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.

2. Change in accounting policies

(a) *Capital asset amortization method*

During the year, the Organization changed their property and equipment policy to amortize its capital assets using the straight line method to better reflect the actual consumption pattern of its capital assets. The effect of this change is a decrease of \$37,131 in accumulated amortization and amortization expense for the year.

3. 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 straight-line method at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	10 years
Leasehold improvements	10 years
Computer equipment	4 years

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

Community Development Council Durham
Notes to Financial Statements
For the year ended December 31, 2021

3. Summary of significant accounting policies — continued

(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.

(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.

4. Term deposits

The term deposit bears interest of 0.50% and matures December 6 2022.

5. Property and equipment

	2021		2020	
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 332,488	\$ 266,132	\$ 66,356	\$ 53,736
Leasehold improvements	1,371,237	1,363,767	7,470	77,724
Computer equipment	558,091	470,826	87,265	66,543
	\$ 2,261,816	\$ 2,100,725	\$ 161,091	\$ 198,003

Community Development Council Durham
Notes to Financial Statements
For the year ended December 31, 2021

6. Deferred contributions

	Balance, beginning of year	Received	Recognized	Balance, end of year
Region of Durham	\$ 738,003	\$ 3,307,887	\$ (3,086,900)	\$ 958,990
IRCC	-	3,324,012	(3,023,462)	300,550
MCI	6,773	108,476	(115,249)	-
LEAP/Winter warmth	22,952	207,047	(110,927)	119,072
Other	53,857	587,952	(574,721)	67,088
	<u>\$ 821,585</u>	<u>\$ 7,535,374</u>	<u>\$ (6,911,259)</u>	<u>\$ 1,445,700</u>

7. Deferred capital contributions

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

	2021	2020
Balance, beginning of year	\$ 186,939	\$ 314,478
Amounts recognized as revenue during the year	(159,382)	(172,573)
Additions to capital contributions	128,375	45,034
	<u>\$ 155,932</u>	<u>\$ 186,939</u>

8. Universal Basic Income (UBI)

Universal Basic Income (UBI) Works is a collaborative partnership between UBI Works (a non-profit voluntary association) and the Organization to support research, marketing and community development projects focused on socio-economic analysis for a universal basic income in Canada. The Organization receives a fee for administrative activities, including processing donations and charitable tax receipts, invoices, employment support and financial reporting.

9. Property and equipment fund

	2021	2020
Property and equipment (note 4)	\$ 161,090	\$ 198,003
Deferred capital contributions (note 6)	(155,932)	(186,939)
	<u>\$ 5,158</u>	<u>\$ 11,064</u>

Community Development Council Durham
Notes to Financial Statements
For the year ended December 31, 2021

10. Commitments

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

2022	\$ 487,426
2023	494,698
2024	502,115
2025	506,958
Subsequent years	<u>752,145</u>
	<u>\$ 2,743,342</u>

11. 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 \$4,500 (2020 - \$7,470). 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.

12. 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.

13. Subsequent events

Subsequent to year end, the impact on COVID-19 on Canadian and global economies increased significantly. The full impact this will have on the Organization's customers and suppliers and the resulting effect of COVID-19 on the Organization's financial position and future operations is not known at this time.
