

Financial Statements of
Community Development Council Durham

For the year ended March 31, 2023

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

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 March 31, 2023, 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 March 31, 2023, 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
September 6, 2023

Community Development Council Durham

Statement of Financial Position

As at March 31	2023	2022
Assets		
Current assets		
Cash	\$ 82,445	\$ 1,088,096
Short term investment (note 3)	216,224	153,319
Accounts receivable (note 4)	837,524	218,955
Prepaid expenses	87,726	73,770
Government remittances receivable	110,502	35,397
	<u>1,334,421</u>	<u>1,569,537</u>
Property and equipment (note 5)	<u>285,133</u>	<u>236,267</u>
	<u>\$ 1,619,554</u>	<u>\$ 1,805,804</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 327,142	\$ 173,288
Deferred contributions (note 6)	332,162	912,602
	<u>659,304</u>	<u>1,085,890</u>
Deferred capital contributions (note 7)	<u>282,956</u>	<u>231,705</u>
	<u>942,260</u>	<u>1,317,595</u>
Net Assets		
Property and Equipment Fund	2,177	4,562
General fund	<u>675,117</u>	<u>483,647</u>
	<u>677,294</u>	<u>488,209</u>
	<u>\$ 1,619,554</u>	<u>\$ 1,805,804</u>

On behalf of the Board

Hillary Smith

Director

Director

COMMUNITY DEVELOPMENT COUNCIL DURHAM
453 FARALL STREET, UNIT 4
AJAX, ONTARIO L1S 1R6

Community Development Council Durham

Statement of Changes in Net Assets

For the year ended March 31, 2023

	Property and Equipment Fund (note 10)	General fund	Total 2023	Total 2022 (note 9)
Balance, beginning of year	\$ 4,562	\$ 483,647	\$ 488,209	\$ 468,079
Excess (deficiency) of revenue over expenditures for the year	(2,385)	191,470	189,085	20,130
Additions to capital assets	(101,818)	101,818	-	-
Capital contributions	101,818	(101,818)	-	-
Balance, end of year	\$ 2,177	\$ 675,117	\$ 677,294	\$ 488,209

The accompanying notes are an integral part of these financial statements

Community Development Council Durham

Statement of Operations

For the year ended March 31	2023	2022 (note 9)
Revenue		
Region of Durham	\$ 4,875,380	\$ 657,665
Immigration, Refugees and Citizenship Canada	3,291,358	1,004,718
Universal Basic Income Works	364,417	102,681
Ministry of Labour, Training and Skills Development	112,875	27,276
Other program revenue	110,088	80,791
Low-Income Energy Assistance Program	81,590	46,834
Amortization of deferred capital contributions	50,567	12,642
The Ontario Trillium Foundation	18,424	59,257
United Way - all streams	10,000	2,500
	<u>8,914,699</u>	<u>1,994,364</u>
Expenditures		
Housing support	4,960,999	646,351
Settlement services	3,413,374	996,792
Community development	522,498	194,029
Amortization	52,951	13,238
Administration expense (recovery)	<u>(224,208)</u>	<u>123,824</u>
	<u>8,725,614</u>	<u>1,974,234</u>
Excess of revenue over expenditures for the year	<u>\$ 189,085</u>	<u>\$ 20,130</u>

Community Development Council Durham

Statement of Cash Flows

For the year ended March 31	2023	2022 (note 9)
Cash provided from (used for)		
Operating activities		
Excess of revenue over expenditures	\$ 189,085	\$ 20,130
Items not involving cash		
Amortization of capital assets	52,951	13,238
Amortization of deferred capital contributions	(50,567)	(12,642)
	<u>191,469</u>	<u>20,726</u>
Changes in non-cash working capital items:		
Accounts receivable	(618,569)	(73,668)
Prepaid expenses	(13,956)	(5,279)
Government remittances receivable	(75,105)	7,395
Accounts payable and accrued liabilities	153,855	25,722
Deferred contributions	(478,622)	(444,683)
	<u>(1,032,397)</u>	<u>(490,513)</u>
Cash flows from operating activities	<u>(840,928)</u>	<u>(469,787)</u>
Investing activities		
Purchase of investments	(216,224)	-
Proceeds on sale of investments	153,319	-
Purchase of property and equipment	(101,818)	(88,414)
Cash flows from investing activities	<u>(164,723)</u>	<u>(88,414)</u>
Net decrease in cash position	(1,005,651)	(558,201)
Cash position, beginning of year	<u>1,088,096</u>	<u>1,646,297</u>
Cash position, end of year	<u>\$ 82,445</u>	<u>\$ 1,088,096</u>

Community Development Council Durham

Notes to Financial Statements

For the year ended March 31, 2023

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. 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

(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 March 31, 2023

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. Short term investment

Investments consists of:

	<u>2023</u>	<u>2022</u>
CIBC GIC, maturing on December 30, 2023, interest of 4.25%	\$ 156,224	\$ 153,319
CIBC GIC, maturing on April 1, 2024, interest of 4.25%	60,000	-
	<u>\$ 216,224</u>	<u>\$ 153,319</u>

4. Accounts receivable

Accounts receivable consists of:

	<u>2023</u>	<u>2022</u>
Program revenue receivable	\$ 819,982	\$ 213,011
Other receivables	17,542	5,944
	<u>\$ 837,524</u>	<u>\$ 218,955</u>

Community Development Council Durham
Notes to Financial Statements
For the year ended March 31, 2023

5. Property and equipment

Property and equipment consists of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Furniture and fixtures	\$ 380,546	\$ 278,258	\$ 102,288	\$ 111,989
Leasehold improvements	1,484,683	1,367,747	116,936	18,302
Computer equipment	586,819	520,910	65,909	105,976
	<u>\$ 2,452,048</u>	<u>\$ 2,166,915</u>	<u>\$ 285,133</u>	<u>\$ 236,267</u>

6. Deferred contributions

Deferred contributions from various funders are restricted for use depending on the terms of the contribution agreement:

	<u>2023</u>	<u>2022</u>
Immigration, Refugees, and Citizenship Canada	\$ (1)	\$ 17,342
Region of Durham	178,178	731,496
LEAP/Winter Warmth	61,867	114,221
Miscellaneous	58,872	15,562
Universal Basic Income	33,246	33,981
	<u>\$ 332,162</u>	<u>\$ 912,602</u>

7. Deferred capital contributions

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 231,705	\$ 155,932
Amounts recognized as revenue during the year	(50,567)	(12,642)
Additions to capital contributions	101,818	88,415
	<u>\$ 282,956</u>	<u>\$ 231,705</u>

Community Development Council Durham
Notes to Financial Statements
For the year ended March 31, 2023

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. Change in year-end

The Organization changed its fiscal year-end from December 31 to March 31. The fiscal period ending March 31, 2022 represents three months of operations.

10. Property and equipment fund

	<u>2023</u>	<u>2022</u>
Property and equipment (note 4)	\$ 285,133	\$ 236,267
Deferred capital contributions (note 6)	(282,956)	(231,705)
	<u>\$ 2,177</u>	<u>\$ 4,562</u>

11. Commitments

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

2024	\$ 467,068
2025	471,945
2026	423,250
2027	663,239
2028	663,239
Subsequent years	<u>670,240</u>
	<u>\$ 3,358,981</u>

12. 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. It is management's opinion that the Organization has no significant financial instrument risks.

Community Development Council Durham
Notes to Financial Statements
For the year ended March 31, 2023

12. Financial instruments — continued

Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$327,142 (2022 - \$173,288). 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 ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Organization is low and is not material.

13. 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.
