

SOCIAL DEVELOPMENT CENTRE
WATERLOO REGION >

financial statements

>YEAR ENDED DECEMBER 31, 2021

MAC LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

financial statements

>YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Social Development Centre Waterloo Region:

We have reviewed the accompanying financial statements of Social Development Centre Waterloo Region that comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the Charity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Social Development Centre Waterloo Region as at December 31, 2021, 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.

Other Matter

The financial statements of Social Development Centre Waterloo Region for the year ended December 31, 2020 have not been audited or reviewed. Therefore, we do not express any comment on these comparative figures.

MAC LLP.

statement of financial position

>DECEMBER 31, 2021

	2021	2020
<i>assets</i>		
current		
Cash	\$ 339,085	\$ 171,947
Accounts receivable	3,561	1,810
Government remittances recoverable	9,608	4,032
Prepaid expenses	<u>463</u>	<u>1,763</u>
	<u>\$ 352,717</u>	<u>\$ 179,552</u>
<i>liabilities</i>		
current		
Accounts payable and accrued liabilities	\$ 75,802	\$ 4,475
Government remittances payable	5,082	3,005
Deferred contributions (Note 3)	141,979	75,383
Due to other charities (Note 6)	<u>79,695</u>	<u>39,684</u>
	302,558	122,547
non-current		
Long term debt (Note 4)	<u>40,000</u>	<u>40,000</u>
	342,558	162,547
commitments (Note 5)		
<i>net assets</i>	<u>10,159</u>	<u>17,005</u>
	<u>\$ 352,717</u>	<u>\$ 179,552</u>

Approved on behalf of the board:

Director_____
Director

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION >
**statement of operations and
changes in net assets**

>YEAR ENDED DECEMBER 31, 2021

	2021	2020
revenue		
Undesignated donations	\$ 156,277	\$ 83,443
Services	57,931	56,476
Government grants and subsidies	24,762	38,168
Other grants	212,711	117,035
Membership income	<u>460</u>	<u>475</u>
	<u>452,141</u>	<u>295,597</u>
expenses		
Advertising and promotion	98	989
Bank charges and interest	2,472	1,375
Dues and fees	62	249
Insurance	3,013	2,941
Office expenses	67,018	39,302
Professional fees	4,200	-
Rent	8,300	15,050
Shelter supplies	164,348	100,219
Telephone	1,464	1,233
Travel	1,546	3,045
Wages and benefits	<u>206,466</u>	<u>120,035</u>
	<u>458,987</u>	<u>284,438</u>
deficiency of revenue over expenses	(6,846)	11,159
Net assets balance, beginning of year	<u>17,005</u>	<u>5,846</u>
net assets balance, end of year	<u>\$ 10,159</u>	<u>\$ 17,005</u>

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION >

statement of cash flows

>YEAR ENDED DECEMBER 31, 2021

	2021	2020
operating activities		
Deficiency of revenue over expenses for year	\$ (6,846)	\$ 11,159
Changes in non-cash working capital:		
Accounts receivable	(1,751)	(1,810)
Government remittances receivable	(5,576)	(3,806)
Prepaid expenses	1,300	(1,421)
Accounts payable and accrued liabilities	71,327	3,039
Government remittances payable	2,077	875
Deferred contributions	66,596	62,154
Due to other charities	<u>40,011</u>	<u>39,684</u>
	167,138	109,874
financing activities		
Canada emergency business account loan	<u>-</u>	<u>40,000</u>
Increase in cash	167,138	149,874
Cash balance, beginning of year	<u>171,947</u>	<u>22,073</u>
cash balance, end of year	<u>\$ 339,085</u>	<u>\$ 171,947</u>

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION > notes to financial statements

>DECEMBER 31, 2021

1. nature of organization

The principal activities of the Social Development Centre Waterloo Region, the "Charity", are to stimulate public awareness of community problems; study and identify social needs within the community, and the services which exist to meet those needs; advise and assist in planning and developing new services; promote changes that will improve the quality of life for local citizens; provide information and referral services to the community; to promote volunteerism in the community; and to engage in such other activities related to planning, coordinating and implementing joint action, as may be deemed to be in the general interest of the health and welfare of the citizens of the community.

The Charity operates in Waterloo, Ontario, and is incorporated under part III of the Canada Corporation Act as a not-for-profit organization. The Charity is a registered charity for Canadian Income Tax purposes.

2. significant accounting policies

Basis of Accounting - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition - The Charity follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue when the expense is incurred. Revenue from grants is recognized over the period to which the grant applies or in the year in which the related expenses are incurred.

Capital Expenditures - The Charity's capital assets consists of several computers, office equipment, and certain furniture and fixtures as well as leasehold improvements. Expenditures on capital assets are reported as expenses in the year in which they are acquired. Related expenses for the current year were \$63,893 (2020 - \$977).

Contributed Materials and Services - The Charity is dependent upon many hours of service contributed by volunteers. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

The Charity receives contribution of materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair values can be determined. Contributed gifts in kind of \$6,642 were recognized in the current year (2020 - \$13,782).

Financial Instruments

Initial measurement - The Charity initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION >
notes to financial statements

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The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Charity in the transaction.

Subsequent measurement - The Charity subsequently measures all its financial assets and financial liabilities originated or exchanged in arm's length transactions at amortized cost. Financial assets and financial liabilities originated in related party transactions are subsequently measured at cost. Any reduction for impairment is recognized in net income, in the period incurred.

Financial assets measured at amortized cost include cash, restricted cash, accounts receivable and notes receivable.

The Charity has not designated any financial asset or liability to be measured at fair value.

Impairment - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not 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 net income.

Transaction costs - The Charity recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Disclosure and Use of Estimates - The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION >
notes to financial statements

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3. deferred contributions

Deferred contributions represent unspent resources externally restricted received in the current period that is related to subsequent periods. Changes in the deferred contributions are as follows:

	2021 total	2020 total
Balance beginning of year	\$ 75,383	\$ 11,957
Received during the year	388,470	235,046
Recognized as revenue	<u>(321,874)</u>	<u>(171,620)</u>
Balance, end of year	<u>\$ 141,979</u>	<u>\$ 75,383</u>

The use of funds is restricted to the activities agreed upon by the Charity and donors providing the funding. Grants and other deferred contributions have been provided and will be used in subsequent years for the following programs and activities: A Better Tent City, Peace for All Canada, Black Lives Matter, cChallenge, Canada Health Communities Initiative, Unsheltered Campaign, Climate Justice Waterloo Region, and Eviction Prevention.

4. long term debt

	2021	2020
Canada emergency business account loan, interest free until December 31, 2023, interest at 5% thereafter. \$20,000 eligible for forgiveness if remainder is repaid before December 31, 2023. Due December 31, 2025.	\$ 60,000	\$ 40,000
Less forgiven portion	<u>20,000</u>	<u>-</u>
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

5. commitments

The Charity is obligated under a rental agreement for the premises from which it operates. This lease expires in 2022 and the future minimum lease payments under this contract are \$9,900.

6. due to other charities

The Charity receives funds for the charitable activities of other organizations that they are associated with. The funds flow through the Charity to the approved organizations. No tax receipts are issued for these funds and no acquisitions are made on behalf of the approved organizations.

notes to financial statements

>DECEMBER 31, 2021

7. financial instruments

Risk Management - The significant risks to which the Charity is exposed are credit risk and liquidity risk. There has been no change to the risk exposures from the prior year.

Credit Risk - The Charity is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable.

Liquidity Risk - Liquidity risk is the risk that the Charity will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Charity's cash requirements.