

(Unaudited) Financial Statements of

**SOCIAL DEVELOPMENT
CENTRE WATERLOO
REGION**

Year Ended December 31, 2020

Signed by

Brad Ullner, Co-Chair

Nathan Pike, Treasurer

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements

Year Ended December 31, 2020

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Statement of Financial Position

December 31, 2020, with comparative information for 2019.

	2020	2019
Assets		
Current Assets:		
Cash	\$ 171,947	\$ 22,073
Accounts Receivable	1,810	-
HST Recoverable	4,033	227
Prepaid Expenses	1,763	342
	\$ 179,553	\$ 22,642
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 47,165	\$ 4,839
Deferred Contributions (note 2)	75,423	11,957
CEBA Loan (note 3)	40,000	-
Net Assets		
Internally Restricted (note 4)	16,965	5,846
Commitments (note 5)		
	\$ 179,553	\$ 22,642

See accompanying notes to the financial statements.

On behalf of the Board:

Nathan Pike

Director

Brad Ullner

Director

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements

Year Ended December 31, 2020

Status of the Centre:

The Social Development Centre Waterloo Region (the “Centre”) is a charitable organization incorporated under the laws of Ontario whose aims and objectives are:

1. to stimulate public awareness of community problems;
2. to study and identify social needs within the community, and the services which exist to meet those needs;
3. to advise and assist in planning and developing new services;
4. to promote changes that will improve the quality of life for local citizens;
5. to provide information and referral services to the community;
6. to promote volunteerism in the community; and
7. to engage in such other activities related to planning, co-ordinating 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 Centre is a charitable organization registered under the Income Tax Act and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

1. Significant accounting policies:

(a) General:

The financial statements have been prepared in accordance with the Chartered Professional Accountants of Canada Handbook Part III – Canadian accounting standards for not-for-profit organizations.

(b) Revenue recognition:

The Centre follows the deferral method of accounting for contributions, which includes donations and government grants.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated, and collection is reasonably assured.

Revenue from grants is recognized over the period to which the grant applies or in the year in which the related expenses are incurred.

(c) Capital expenditures:

The Centre’s capital assets consist of several computers and certain furniture and fixtures as well as leasehold improvements. The expenditure on capital assets are reported as expenses in the year in which they are acquired. Related expenses for the current year were \$977 (2019 - \$270).

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2020

1. Significant accounting policies (continued):

(d) Contributed services:

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determine the fair value, contributed services are not recognized in the financial statements.

(e) 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 date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates. Estimates are reviewed on a regular basis and, as adjustments become necessary, they are reported in income in the periods in which they become known. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, inventory and accounts payable and accrued liabilities.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Centre has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Centre determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Centre expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2020

1. Significant accounting policies (continued):

(g) Capital management:

The Centre's objective when managing capital is to safeguard the Centre's ability to continue as a going concern so that it can continue to provide service to stakeholders.

The Centre sets the sufficiency of capital to maintain the working capital required to meet the service needs of the stakeholders and makes adjustments to its capital, to respond to potential changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management looks forward to future needs and recommends appropriation of unrestricted amounts or increased fundraising to secure adequate cash flow.

2. Deferred Contributions:

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	11,957	-
Contributions received	235,046	27,900
Amounts recognized into income	<u>(171,580)</u>	<u>(15,943)</u>
Balance, end of year	<u>\$ 75,423</u>	<u>11,957</u>

The use of the funds is restricted to the activities agreed upon by the Center and donors providing the funding. Grants and other deferred contributions have been provided and will be used during 2021 for the following programs and activities:

- Civic Hub (including A Better Tent City and Unsheltered Campaign)
- Gentrification and Displacement Studies
- Peace For All Canada
- Climate Justice Waterloo Region

3. Canadian Emergency Business Account (CEBA) Loan:

The Centre applied for and received the \$40,000 CEBA loan in the 2020 fiscal year. The loan was provided by the Government of Canada to provide capital to organizations to see them through the current challenges and better position them to return to providing services and creating employment. The loan is unsecured.

The loan is interest free to December 31, 2022. If the loan is paid back by December 31, 2022, \$10,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2022 the full \$40,000 loan will be converted to loan repayable over three years with a 5% interest rate.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2020

4. Internally restricted net assets:

Net assets have been internally restricted to provide for cash requirements prior to receipt of grants for the subsequent year, as well as to provide reserves for capital replacements.

5. Lease commitments:

The Centre is obligated under rental agreements. At December 31, 2020, future minimum lease payments for the next year is as follows:

2020	\$ 8,400
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6. Financial instruments:

(a) Interest rate risk:

The Centre's cash is exposed to interest rate risk, as changes in market interest rates directly affect cash flows associated with the asset.

(b) Credit risk:

The Centre is exposed to credit risk with respect to accounts receivable. The Centre assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible.

(c) Liquidity risk:

Liquidity risk is the risk that the Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Centre manages its liquidity risk by monitoring its operating requirements. The Centre prepares budgets to ensure it has sufficient funds to fulfill its obligations.