

(Unaudited) Financial Statements of

**SOCIAL DEVELOPMENT
CENTRE WATERLOO
REGION**

Year Ended December 31, 2017

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Statement of Financial Position

December 31, 2017, with comparative information for 2016.

	2017	2016
Assets		
Current Assets:		
Cash	\$ 25,318	\$ 7,631
Accounts Receivable	3,005	25,011
HST Recoverable	2,879	2,209
Prepaid Expenses	-	500
	\$ 31,202	\$ 35,351
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 4,192	\$ 8,540
Line of Credit	20,000	17,750
Net Assets		
Internally Restricted (note 2)	7,010	9,061
Commitments (note 3)		
	\$ 31,202	\$ 35,351

See accompanying notes to the financial statements.

On behalf of the Board:

Director

Director

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Statement of Operations and Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016.

	2017	2016
Revenues:		
Grants:		
Municipal Governments:		
City of Kitchener	\$ 10,937	\$ 42,608
Wage Subsidy Grants	34,043	39,157
	<u>44,980</u>	<u>81,765</u>
Other:		
Products and Services	82,834	67,852
Projects	1,484	6,450
Donations and Memberships	20,248	482
Miscellaneous Income	671	1,086
	<u>105,237</u>	<u>75,870</u>
	<u>150,217</u>	<u>157,635</u>
Expenses:		
Salaries and Benefits	128,729	169,903
Rent, Insurance and Premise Costs	9,455	15,680
Telephone	4,978	8,172
Professional Fees and Bank Charges	3,070	4,049
Office Supplies	441	5,698
Travel, Meetings and Conferences	2,279	3,279
Computer Software / Hardware	2,144	7,645
Membership Dues	380	914
Advertising and Public Relations	479	1,070
Copying and Printing	113	-
Miscellaneous	45	1,609
Staff and Volunteer Training / Development / Recognition	17	115
Postage	64	206
Partner Expense	74	-
Equipment Purchases and Rentals	-	394
	<u>152,268</u>	<u>218,734</u>
Excess (Deficiency) of Revenues Over Expenses	(2,051)	(61,099)
Net Assets, Beginning of Year	9,061	70,160
Net Assets, End of Year	\$ 7,010	\$ 9,061

See accompanying notes to the financial statements.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016.

	2017	2016
Cash Provided By (Used In):		
Operations:		
Excess (Deficiency) of Revenues Over Expenses	\$ (2,051)	\$ (61,099)
Change in Non-Cash Operation Working Capital:		
Accounts Receivable	22,006	43,321
HST Recoverable	(670)	1,452
Prepaid Expenses	500	3,957
Accounts Payable and Accrued Liabilities	(4,348)	519
Line of Credit	2,250	17,750
Increase (Decrease) in Cash	17,687	5,900
Cash, Beginning of Year	7,631	1,731
Cash, End of Year	\$ 25,318	\$ 7,631

See accompanying notes to the financial statements.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements

Year Ended December 31, 2017

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:

- (i) to stimulate public awareness of community problems;
- (ii) to study and identify social needs within the community, and the services which exist to meet those needs;
- (iii) to advise and assist in planning and developing new services;
- (iv) to promote changes that will improve the quality of life for local citizens;
- (v) to provide information and referral services to the community;
- (vi) to promote volunteerism in the community; and
- (vii) 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.

During the year, the organization changed their legal name from Social Planning Council of Kitchener-Waterloo to Social Development Centre Waterloo Region.

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. 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.

(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 \$nil (2016 - \$nil).

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2017

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, 2017

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.

The Centre maintains capital to meet those potential appropriations noted above and to ensure there are sufficient funds, defined as twelve months of net operating cash flow, available to the Centre to provide time to respond to changes in economic circumstances.

2. 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.

3. Lease commitments:

The Centre is obligated under rental agreements. At December 31, 2017, future minimum lease payments for the next year is as follows:

2017	\$ 1,905
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4. 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.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2017

4. Financial instruments (continued):

(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.