

(Unaudited) Financial Statements of

**SOCIAL DEVELOPMENT
CENTRE WATERLOO
REGION**

Year Ended December 31, 2021

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Statement of Financial Position

December 31, 2021, with comparative information for 2020.

	2021	2020
Assets		
Current Assets:		
Cash	\$ 339,085	\$ 171,947
Accounts Receivable	3,561	1,810
HST Recoverable	9,608	4,033
Prepaid Expenses	463	1,763
	\$ 352,717	\$ 179,553
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 156,380	\$ 47,165
Deferred Contributions (note 2)	142,479	75,383
CEBA Loan (note 3)	40,000	40,000
Net Assets		
Internally Restricted (note 4)	13,858	17,005
Commitments (note 5)		
	\$ 352,717	\$ 179,553

See accompanying notes to the financial statements.

On behalf of the Board:

Brad Ullner Director

N Pike Director

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Statement of Operations and Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020.

	2021	2020
Revenues:		
Grants:		
Federal / Provincial Government:		
Government of Canada	\$ 26,425	\$ 40,932
Government of Ontario	-	8,148
Municipal Governments:		
City of Kitchener	22,049	20,662
Region of Waterloo	3,350	-
Other Grants	185,649	58,592
Wage Subsidy Grants	-	26,869
	237,473	155,203
Other:		
Products and Services	57,930	56,476
Donations and Memberships	156,237	83,918
	214,167	140,394
	451,640	295,597
Expenses:		
Salaries and Benefits	206,466	119,927
Program Supplies	164,454	102,093
Purchased Services	58,562	34,786
Rent, Insurance and Premise Costs	11,313	17,991
Computer Software / Hardware	4,203	2,462
Telephone	1,464	1,233
Professional Fees and Bank Charges	2,472	1,375
Office Supplies	2,211	1,874
Travel, Meetings and Conferences	1,440	1,331
Membership Dues	63	250
Advertising and Public Relations	98	989
Staff and Volunteer Training / Development / Recognition	-	108
Postage	41	19
	454,787	284,438
Excess (Deficiency) of Revenues Over Expenses	(3,147)	11,159
Net Assets, Beginning of Year	17,005	5,846
Net Assets, End of Year	\$ 13,858	\$ 17,005

See accompanying notes to the financial statements.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020.

	2021	2020
Cash Provided By (Used In):		
Operations:		
Excess (Deficiency) of Revenues Over Expenses	\$ (3,147)	\$ 11,159
Change in Non-Cash Operation Working Capital:		
Accounts Receivable	(1,751)	(1,810)
HST Recoverable	(5,575)	(3,806)
Prepaid Expenses	1,300	(1,421)
Accounts Payable and Accrued Liabilities	109,215	42,326
Deferred Contributions	67,096	63,426
CEBA Loan	-	40,000
Increase (Decrease) in Cash	167,138	149,874
Cash, Beginning of Year	171,947	22,073
Cash, End of Year	\$ 339,085	\$ 171,947

See accompanying notes to the financial statements.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements

Year Ended December 31, 2021

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, 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 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 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, 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 \$2,407 (2020 - \$977).

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2021

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) Gifts in kind:

The Centre benefits from a variety of gifts in kind. Contributions of goods or services are recognized in the financial statements when their fair value can be reasonably estimated using market or appraisal values at the date of the donation. Related contributions for the year were \$6,642 (2020 - \$13,782).

(f) 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.

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2021

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

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.

(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>2021</u>	<u>2020</u>
Balance, beginning of year	75,383	11,957
Contributions received	382,228	235,046
Amounts recognized into income	(315,132)	(171,620)
Balance, end of year	<u>\$ 142,479</u>	<u>75,383</u>

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2021

2. Deferred Contributions (continued):

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 2022 for the following programs and activities:

- A Better Tent City
- Peace For All Canada
- Black Lives Matter
- cChallenge
- Canada Healthy Communities Initiative
- Unsheltered Campaign
- Climate Justice Waterloo Region
- Eviction Prevention

3. Canadian Emergency Business Account (CEBA) Loan:

The Centre applied for and received a \$60,000 CEBA loan, receiving \$20,000 in the 2021 fiscal year and \$40,000 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, 2023. If the loan is paid back by December 31, 2023, \$20,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2023 the full \$60,000 will be converted to a loan repayable over two years with a 5% interest rate. As the Centre intends to repay the \$40,000 prior to December 31, 2023 the \$20,000 forgivable portion has been recognized into income during the year.

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, 2022, future minimum lease payments for the next year are as follows:

2022	\$ 18,900
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SOCIAL DEVELOPMENT CENTRE WATERLOO REGION

Notes to Financial Statements (continued)

Year Ended December 31, 2021

6. Financial instruments:

(a) Credit risk:

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Centre is exposed to credit risk with its holdings of cash with various financial institutions and accounts receivable. The Centre places its cash in chartered banks to mitigate the risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Centre will be unable to fulfill its obligations on as they come due. The Centre manages this risk by monitoring its cash receipts and expected outflows. The Centre prepares budgets and cash flow projections to ensure it has sufficient funds to fulfill its obligations.

7. COVID-19 impacts:

On March 11, 2020, the World Health Organization declared the Coronavirus ("COVID-19") outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of these developments will have on the financial results and condition of the Centre in future periods.

Social Development Centre Waterloo Region

Balance Sheet

As of December 31, 2021

	Total
Assets	
Current Assets	
Cash and Cash Equivalent	
1010 - Current Account	338,929.15
1015 - Investment Savings Account	0.00
1020 - Cash Sales Float	0.00
1025 - General Petty Cash	155.94
Total Cash and Cash Equivalent	\$ 339,085.09
Accounts Receivable (A/R)	
1050 - Accounts Receivable (A/R)	2,643.68
Total Accounts Receivable (A/R)	\$ 2,643.68
1027 - Gift Card Petty Cash	0.00
1051 - Accounts Receivable - Adjustment	917.34
1061 - HST Recoverable - Federal	2,651.34
1062 - HST Recoverable - Provincial	6,956.92
1080 - Prepaid expenses	463.15
Total Current Assets	\$ 352,717.52
Total Assets	\$ 352,717.52
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
2010 - Accounts Payable (A/P)	53,250.45
Total Accounts Payable (A/P)	\$ 53,250.45
Credit Card	
2025 - VISA Payable	120.00
Total Credit Card	\$ 120.00
2011 - Accounts Payable - Adjustment	0.00
2012 - Accrued Liabilities	17,711.69
2015 - ALIVe Funding	995.83
2017 - Peer Internships Funding	0.00
2019 - Rent Funding	348.00
2021 - Land Back Funds	75,932.65
2023 - DHR	2,418.05
2030 - Deferred Revenue	142,479.43
2040 - Bank Overdraft	0.00
2050 - Loan Payable	40,000.00
2070 - EI Payable	731.35
2075 - CPP Payable	1,937.96
2077 - Federal Tax Payable	2,412.88
2080 - Employee Benefits Payable	0.00

2081 - LTD Paid by Employees		0.00
2085 - Employee RRSP Payable		391.59
2090 - Charity Payable		130.00
2095 - Employee Garnishment Payable		0.00
Total Current Liabilities	\$	338,859.88
Total Liabilities	\$	338,859.88
Equity		
3065 - Net Assets		70,160.90
Retained Earnings		-53,156.47
Profit for the year		-3,146.79
Total Equity	\$	13,857.64
Total Liabilities and Equity	\$	352,717.52

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Social Development Centre Waterloo Region

Profit and Loss

January - December 2021

	Total
INCOME	
4010 - City of Kitchener	21,412.00
4030 - Region of Waterloo	3,350.00
4050 - Other Grants	212,710.93
4220 - Services	57,930.50
4310 - Donations	157,008.89
4320 - Memberships	460.00
Total Income	\$ 452,872.32
GROSS PROFIT	\$ 452,872.32
EXPENSES	
5010 - Wages & Salaries	192,556.91
5020 - EI Expense	4,313.18
5030 - CPP Expense	9,595.53
5615 - Advertising	98.00
5625 - Bank & Interest Charges	2,472.12
5630 - Computer - Hardware/Software	4,203.31
5635 - Consultants - Technical Support	1,614.00
5640 - Consultants - Fee for Service	56,947.88
5642 - Partner Expenses	2,000.00
5645 - Courier & Postage	40.99
5660 - Meetings/Workshops - Hosted	106.16
5670 - Shelter Supplies	165,580.37
5675 - Office Supplies	2,211.43
5690 - Subscriptions	62.35
5700 - Telecommunications	1,463.81
5710 - Travel	1,440.05
5720 - Office Insurance	3,013.02
5730 - Rent	8,300.00
Total Expenses	\$ 456,019.11
PROFIT	-\$ 3,146.79