

SOCIAL DEVELOPMENT CENTRE  
WATERLOO REGION >

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# financial statements

>YEAR ENDED DECEMBER 31, 2023

MAC LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# financial statements

>YEAR ENDED DECEMBER 31, 2023

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**index**

Independent auditor's report.....I - 2  
Statement of financial position.....3  
Statement of operations and changes in net assets.....4  
Statement of cash flows.....5  
Notes to financial statements.....6 - 9



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Social Development Centre Waterloo Region:

### Qualified Opinion

We have audited the financial statements of Social Development Centre Waterloo Region, the "Charity", which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at December 31, 2023, 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.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Social Development Centre Waterloo Region derives revenue from donations from interested persons, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Social Development Centre Waterloo Region. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation revenues, excess of revenues over expenses, and cash flows for the years ended December 31, 2023 and December 31, 2022 and current assets and net assets as at December 31, 2023 and December 31, 2022. Our conclusion on the financial statements as at and for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 Charity 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.

### Other Matter

The statement of financial position as at December 31, 2022 and statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, are unaudited.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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:

- 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 Charity'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 Charity'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 Charity 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.

*MAC LLP.*

Waterloo, Ontario  
June 13, 2024

LICENSED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANT

# statement of financial position

>DECEMBER 31, 2023

	2023	2022 Unaudited
<b>assets</b>		
<b>current</b>		
Cash	\$ 308,534	\$ 282,169
Accounts receivable	9,333	9,766
Government remittances recoverable	2,147	882
Prepaid expenses	<u>14,399</u>	<u>463</u>
	<u>\$ 334,413</u>	<u>\$ 293,280</u>
<b>liabilities</b>		
<b>current</b>		
Accounts payable and accrued liabilities	\$ 41,937	\$ 8,810
Government remittances payable	12,810	2,835
Deferred contributions (Note 3)	235,425	191,460
Due to other charities (Note 4)	<u>224</u>	<u>4,582</u>
	290,396	207,687
<b>non-current</b>		
Long term debt (Note 5)	<u>-</u>	<u>40,000</u>
	290,396	247,687
<b>commitments</b> (Note 6)		
	<u>44,017</u>	<u>45,593</u>
<b>net assets</b>	<u>\$ 334,413</u>	<u>\$ 293,280</u>

Approved on behalf of the board:

*Brad Ullner, President*

Director

*Nathan Pike, Treasurer*

Director

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

>YEAR ENDED DECEMBER 31, 2023

	2023	2022 Unaudited
<b>revenue</b>		
Donations	\$ 130,340	\$ 354,403
Grants	587,263	312,265
Other income	<u>40,904</u>	<u>58,860</u>
	<u>758,507</u>	<u>725,528</u>
<b>expenses</b>		
Advertising and promotion	12,429	-
Bank charges and interest	2,082	2,796
Insurance	3,660	3,153
Office supplies	17,350	7,007
Professional fees	9,980	6,512
Program expenses	298,991	322,650
Rent	38,069	18,050
Repairs and maintenance	4,449	-
Shelter supplies	953	110,914
Travel	17,942	5,430
Wages and benefits	<u>354,178</u>	<u>213,582</u>
	<u>760,083</u>	<u>690,094</u>
<b>deficiency of revenue over expenses</b>	(1,576)	35,434
Net assets balance, beginning of year	<u>45,593</u>	<u>10,159</u>
<b>net assets balance, end of year</b>	<u>\$ 44,017</u>	<u>\$ 45,593</u>

SOCIAL DEVELOPMENT CENTRE WATERLOO REGION >  
**statement of cash flows**

>YEAR ENDED DECEMBER 31, 2023

	2023	2022 Unaudited
<b>operating activities</b>		
Deficiency of revenue over expenses for year	\$ (1,576)	\$ 35,434
Changes in non-cash working capital:		
Accounts receivable	433	(6,205)
Government remittances receivable	(1,265)	8,726
Prepaid expenses	(13,936)	-
Accounts payable and accrued liabilities	33,127	(66,992)
Government remittances payable	9,975	(2,247)
Deferred contributions	43,965	49,481
Due to other charities	<u>(4,358)</u>	<u>(75,113)</u>
	66,365	(56,916)
<b>financing activities</b>		
Repayment of long term debt	<u>(40,000)</u>	<u>-</u>
Increase in cash	26,365	(56,916)
Cash balance, beginning of year	<u>282,169</u>	<u>339,085</u>
<b>cash balance, end of year</b>	<u>\$ 308,534</u>	<u>\$ 282,169</u>

# SOCIAL DEVELOPMENT CENTRE WATERLOO REGION >

# notes to financial statements

>DECEMBER 31, 2023

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## 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 Kitchener, 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.

Other revenue includes billable expense income, services income, and other miscellaneous income recognized when earned.

**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 is \$4,759 (2022 - \$95,202).

**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 is \$Nil in the current year (2022 - \$Nil).

### **Financial Instruments**

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



# notes to financial statements

>DECEMBER 31, 2023

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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

>DECEMBER 31, 2023

### 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:

	2023 total	2022 total
Balance beginning of year	\$ 191,460	\$ 141,979
Received during the year	629,750	573,979
Recognized as revenue	<u>(585,785)</u>	<u>(524,498)</u>
Balance, end of year	\$ <u>235,425</u>	\$ <u>191,460</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, African Community Wellness Initiative, Awareness of Low Income Voices, A Womb With A View, Black Lives Matter, Climate Justice Waterloo Region, Civic Hub, Community Based Tenant Initiative, Disabilities and Human Rights, Eviction Prevention, Hope For Community Development, Kaleidoscope Collective, Kind Minds, Land Back, Lived Experience Working Group, Myron Steinman Coaching Initiatives, Peace For All Canada, Plan to End Chronic Homelessness, and Unsheltered Campaign.

### 4. 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.

### 5. long term debt

	2023	2022
Canada emergency business account loan, interest free until December 31, 2023, interest at 5% thereafter. \$20,000 eligible for forgiveness, repaid during the year.	\$ -	\$ 60,000
Less forgiven portion	<u>-</u>	<u>20,000</u>
	\$ <u>-</u>	\$ <u>40,000</u>

### 6. commitments

The Charity is obligated under a rental agreement for the premises from which it operates. This lease expires in 2024 and the future minimum lease payments under this contract are \$18,900.

# notes to financial statements

>DECEMBER 31, 2023

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## 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.