

FINANCIAL STATEMENTS

For

SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA

CONSEIL DE DÉVELOPPEMENT SOCIAL DE CORNWALL ET DE LA RÉGION

For year ended

MARCH 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the directors of the

**SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA
CONSEIL DE DÉVELOPPEMENT SOCIAL DE CORNWALL ET DE LA RÉGION**

Qualified Opinion

We have audited the financial statements of Social Development Council of Cornwall and Area (the Council), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and 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 possible 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 Council as at March 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.

Basis for Qualified Opinion

In common with many non-for-profit organizations, the Council derives receipts from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these receipts was limited to the amounts recorded in the records of the Council. Therefore, we were not able to determine whether any adjustments might be necessary to donation and/or fundraising revenue, excess of receipts over expenses, and assets and net assets.

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 Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 qualified audit opinion.

Emphasis of Matter

The financial statements of Social Development Council of Cornwall and Area for the year ended March 31, 2020 were reviewed by another auditor who expressed a unqualified opinion on those financial statements on September 22, 2020. An amendment to these financial statements is explained in Note 3 to these financial statements. This note describes the prior period restatements to the changes in the statement of financial position, and the changes in the statement of operations that were applied to restate the comparative figures on the March 31, 2020 financial statements. Our opinion is not modified in respect of this matter

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 Council'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 Council'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 Council 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.

Cornwall, Ontario
November 16, 2021



**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA
CONSEIL DE DÉVELOPPEMENT SOCIAL DE CORNWALL ET DE LA RÉGION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 43,004	\$113,014
Short-term investments	25,160	-
Accounts receivable	22,330	-
Due from government	<u>3,196</u>	<u>1,389</u>
	<u>\$ 93,690</u>	<u>\$114,403</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 12,100	\$ 5,477
Deferred revenue (note 5)	<u>56,965</u>	<u>81,337</u>
	69,065	86,814
NET ASSETS		
Unrestricted	<u>24,625</u>	<u>27,589</u>
	<u>\$ 93,690</u>	<u>\$114,403</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA
CONSEIL DE DÉVELOPPEMENT SOCIAL DE CORNWALL ET DE LA RÉGION
STATEMENT OF OPERATIONS & CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Contributions - City of Cornwall	\$ 85,289	\$ 60,000
Contributions - Desjardins	5,000	-
Contributions - Federal Government	11,151	11,227
Contributions - Ontario Trillium Foundation	17,081	15,747
Contributions - United Way	5,000	-
Sponsorships	18,667	19,953
Registration fees	30,528	10,150
Administrative fees	3,530	4,748
Other income	13,708	33
	<u>189,954</u>	<u>121,858</u>
Expenses		
Advertising	7,398	5,658
Interest and bank charges	387	75
Insurance	2,193	2,175
Memberships	2,228	1,248
Professional fees	19,207	7,876
Rent	1,440	1,340
Salaries and benefits	92,766	86,948
Supplies	37,359	5,751
Telephone	319	100
Working groups	29,621	23,492
	<u>192,918</u>	<u>134,663</u>
Excess of expenses over revenues	(2,964)	(12,805)
Net assets, beginning of year	<u>27,589</u>	<u>40,394</u>
Net assets, end of year	<u>\$ 24,625</u>	<u>\$ 27,589</u>

(See accompanying notes)

Welch LLP[®]

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SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA
CONSEIL DE DÉVELOPPEMENT SOCIAL DE CORNWALL ET DE LA RÉGION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenue	\$ (2,964)	\$ (12,805)
Changes in non-cash working capital components:		
Accounts receivable	(22,330)	10,500
Due from government	(1,807)	2,638
Accounts payable and accrued liabilities	6,623	1,503
Deferred revenue	<u>(24,372)</u>	<u>81,337</u>
	<u>(44,850)</u>	<u>83,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(25,160)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(70,010)	83,173
CASH AT BEGINNING OF YEAR	<u>113,014</u>	<u>29,841</u>
CASH AT END OF YEAR	<u>\$ 43,004</u>	<u>\$ 113,014</u>

(See accompanying notes)

SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA
CONSEIL DE DÉVELOPPEMENT SOCIAL DE CORNWALL ET DE LA RÉGION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

1. NATURE OF OPERATIONS

The purpose of the council is to build a more vibrant community for all residents in Cornwall, Akwesasne, Stormont, Dundas and Glengarry by ensuring all social and non-profit agencies work together to maximize local efforts in poverty awareness and reduction, food security, employability and social well-being. The Social Development Council of Cornwall and Area is incorporated under the laws of Ontario which is exempt from income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance to Accounting Standards for Not-for-Profit Organizations (ASNFPO).

Social Development Council of Cornwall & Area follows the deferral method of accounting. Accounting policies are as follows:

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated Services

The fair value of various volunteer services donated to the organization cannot be reasonably estimated and accordingly is not recorded in the financial statements.

Capital Assets

Capital assets are expensed in the year of acquisition.

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 expenses during the reporting period. Actual results could differ from these estimates.

Government assistance - Temporary Wage Subsidy for Employers

The Temporary Wage Subsidy for Employers (TWS) is temporary government assistance introduced in response to the pandemic, that enabled eligible employers to reduce the amount of payroll deductions they were required to remit to the Canada Revenue Agency (CRA).

The subsidy has been recorded in the period to which they relate as long as the amount of the subsidy could be reasonably estimated at that point in time. The amount of the assistance received is reported as a direct decrease in salaries and benefits, in the applicable period.

SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA
CONSEIL DE DÉVELOPPEMENT SOCIAL DE CORNWALL ET DE LA RÉGION

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2021

3. PRIOR PERIOD RESTATEMENTS

During the audit of the March 31, 2021 financial statements, certain balances of the March 31, 2020 reviewed financial statements were deemed to be materially misstated due to errors in applying accounting policies. As these material misstatements affect the current year's opening balances, a prior period restatement was considered necessary.

It was determined that deferred revenue of \$36,384 from the Cornwall Police Services - City of Cornwall for the Vibrant Communities project should have been reflected on the March 31, 2020 financial statements. This change was made on a retrospective basis and impacted the March 31, 2020 statement of operations and changes in net assets by decreasing the Organization's excess of revenues over expenses by \$36,384. The unrestricted net assets decreased by the same amount. The impact of this change on the 2020 amounts presented for comparative purposes is as follows:

	2020		
	<u>Previously</u>	<u>Restatements</u>	<u>As Restated</u>
Deferred contributions	44,953	36,384	81,337
Unrestricted net assets	63,973	(36,384)	27,589
Revenue	158,242	(36,384)	121,858
Expenses	134,663	-	134,663
Excess of expenses over revenues	23,579	(36,384)	(12,805)

4. DEFERRED CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
Ontario Trillium Foundation		
Deferred contributions, beginning of year	\$ 44,953	\$ -
Total revenue received	-	60,700
Total expenses incurred	(17,083)	(15,747)
Deferred contributions, end of year	<u>27,870</u>	<u>44,953</u>
Cornwall Police Services (City of Cornwall)		
Deferred contributions, beginning of year	36,384	-
Total revenue received	13,000	41,188
Total expenses incurred	(20,289)	(4,804)
Deferred contributions, end of year	<u>29,095</u>	<u>36,384</u>
Total deferred contributions	<u>\$ 56,965</u>	<u>\$ 81,337</u>

SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA
CONSEIL DE DÉVELOPPEMENT SOCIAL DE CORNWALL ET DE LA RÉGION

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2021

5. FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash, term deposits, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency, or credit risks arising from these instruments. Unless otherwise noted, the market value of these financial instruments approximate their carrying value.

6. ECONOMIC DEPENDENCE

The organization receives an annual operating grant from the City of Cornwall. The continued receipt of these funds is fundamental to the organization's ability to continue its activities.

7. GOVERNMENT ASSISTANCE

In March of 2020, the Government of Canada announced that they would be providing emergency funding in response to measures various businesses were required to take regarding the spread of the COVID-19 pandemic.

The amount of the wage subsidies attributable to the Council's March 31, 2021 fiscal year are reported below:

	<u>2021</u>	<u>2020</u>
Canada's Temporary Wage Subsidy (TWS) program	\$ <u>2,018</u>	\$ <u>-</u>

The TWS amount has been recorded as a direct decrease in salaries and benefits on the statement of operations

8. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF THE CORONAVIRUS DISEASE (COVID-19) OUTBREAK

In Mid-March of 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease.

In March the Council's operations were scaled back considerably in response to the quarantine measures implemented by the provincial government to stop the spread of the disease.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Council's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Council's operations, assets, liabilities, revenues and expenses are not yet known.

9. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

SOCIAL DEVELOPMENT COUNCIL OF CORNWALL AND AREA

FUND SUMMARY

YEAR ENDED MARCH 31, 2021

	<u>Operating Fund</u>	<u>Employability Network</u>	<u>ExperienCity</u>	<u>Job Fair</u>	<u>Ontario Trillium Foundation</u>	<u>RERC</u>	<u>Vibrant Communities</u>	<u>Circles</u>	<u>Volunteer Admin Network</u>	<u>TOTAL</u>
REVENUE										
Contributions	\$ 71,151	\$ -	\$ 10,000	\$ -	\$ 17,082	\$ 5,000	\$ 20,289	\$ -	\$ -	\$ 123,522
Sponsorships	-	950	11,217	6,500	-	-	-	-	-	18,667
Registration fees	-	-	25,906	4,321	-	-	-	300	-	30,527
Administrative fees	-	-	-	-	-	3,530	-	-	-	3,530
Other	160	-	-	-	-	13,548	-	-	-	13,708
TOTAL REVENUE	<u>71,311</u>	<u>950</u>	<u>47,123</u>	<u>10,821</u>	<u>17,082</u>	<u>22,078</u>	<u>20,289</u>	<u>300</u>	<u>-</u>	<u>189,954</u>
EXPENSES										
Advertising	100	122	2,072	4,869	(172)	407	-	-	-	7,398
Interest and bank charges	92	-	27	268	-	-	-	-	-	387
Insurance	2,193	-	-	-	-	-	-	-	-	2,193
Memberships	228	-	-	-	-	-	2,000	-	-	2,228
Professional fees	9,008	-	113	4,385	702	5,000	-	-	-	19,208
Rent	1,440	-	-	-	-	-	-	-	-	1,440
Salaries and benefits	71,335	-	-	-	11,403	-	10,027	-	-	92,765
Supplies	1,621	-	8,392	520	5,149	13,390	8,262	-	25	37,359
Telephone	319	-	-	-	-	-	-	-	-	319
Working groups	90	-	29,531	-	-	-	-	-	-	29,621
TOTAL EXPENSES	<u>86,426</u>	<u>122</u>	<u>40,135</u>	<u>10,042</u>	<u>17,082</u>	<u>18,797</u>	<u>20,289</u>	<u>-</u>	<u>25</u>	<u>192,918</u>
SURPLUS (DEFICIT)	\$ (15,115)	\$ 828	\$ 6,988	\$ 779	\$ -	\$ 3,281	\$ -	\$ 300	\$ (25)	\$ (2,964)