

**THE CANADIAN COMMUNITY
ECONOMIC DEVELOPMENT NETWORK**

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

INDEPENDENT AUDITOR'S REPORT

To the Directors of
THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Opinion

We have audited the financial statements of THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenses, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, 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 Opinion

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 Organization 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.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Groupe RDL Victoriaville SENCRL¹

Victoriaville
May 27, 2021

¹ By Joël Minville, CPA auditor, CA

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK**Statement of Revenues and Expenses****For the year ended December 31****2020****2019****REVENUE**

Grants and contribution agreements :		
Government contributions	\$ 1,161,219	\$ 822,528
Community/Charitable sector	569,896	871,628
Other grants and contribution agreements	40,113	35,030
	1,771,228	1,729,186
Earned and unrestricted income :		
Events	38,165	361,460
Contracted services	576,672	232,466
Memberships	37,238	41,196
Donations and other revenues	3,486	4,069
Interest	6,845	5,325
	662,406	644,516
	2,433,634	2,373,702
EXPENSES		
Direct project costs (schedule A)	926,038	978,750
Board, committees and members (schedule B)	2,035	27,987
Staff costs (schedule C)	1,209,317	1,142,310
Administration (schedule D)	129,534	145,847
Amortization of capital assets	2,850	3,095
	2,269,774	2,297,989
EXCESS OF REVENUES OVER EXPENSES	\$ 163,860	\$ 75,713

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK
Changes in Net Assets
For the year ended December 31

				2020	2019
	Endowment	Restricted	Invested in capital assets	Total	Total
BALANCE, BEGINNING OF YEAR	\$ -	\$ 387,791	\$ 3,783	\$ 391,574	\$ 315,861
Excess of revenues over expenses	-	161,611	2,249	163,860	75,713
Increase	84,993	-	-	84,993	-
BALANCE, END OF YEAR	\$ 84,993	\$ 549,402	\$ 6,032	\$ 640,427	\$ 391,574

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK
Statement of Financial Position
As at December 31

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 925,978	\$ 742,705
Accounts receivable (note 4)	545,310	239,224
Prepaid expenses	5,305	9,908
	1,476,593	991,837
CAPITAL ASSETS (note 5)	6,032	3,783
	\$ 1,482,625	\$ 995,620
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (note 7)	\$ 163,486	\$ 109,634
Advances from an organization	-	69,955
Deferred revenue and contributions (note 8)	648,712	424,457
	812,198	604,046
LONG TERM DEBT (note 9)	30,000	-
	842,198	604,046
NET ASSETS		
ENDOWMENT	84,993	-
NET ASSETS RESTRICTED	549,402	387,791
NETS ASSETS INVESTED IN CAPITAL ASSETS	6,032	3,783
	640,427	391,574
	\$ 1,482,625	\$ 995,620

On behalf of the Board:

 _____, Director

 _____, Director

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK**Cash Flows****For the year ended December 31****2020****2019****OPERATING ACTIVITIES**

Excess of revenues over expenses	\$	163,860	\$	75,713
Adjustments for:				
Amortization of capital assets		2,850		3,095
Emergency grant		(10,000)		-
		156,710		78,808
Net change in non-cash items related to operating activities:				
Accounts receivable		(306,086)		10,467
Prepaid expenses		4,603		914
Accounts payable		53,852		30,109
Deferred revenue and contributions (note 8)		224,255		128,217
		133,334		248,515

INVESTING ACTIVITY

Acquisition of property, plant and equipment		(5,099)		-
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FINANCING ACTIVITIES

Long-term borrowings		40,000		-
Net change in advances from an organization		(69,955)		69,955
Endowment		84,993		-
		55,038		69,955

INCREASE IN CASH **183,273** 318,470**CASH, BEGINNING OF YEAR** **742,705** 424,235**CASH, END OF YEAR** **\$ 925,978** **\$ 742,705**

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Notes to Financial Statements

As at December 31, 2020

1. ARTICLES OF INCORPORATION

The Organization is governed under the Canada Not-for-profit Corporations Act and is consequently exempt from income taxes. The objects of the organization are to alleviate poverty, reduce unemployment, and relieve suffering in economically challenged communities.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the allowance of bad debts, the impairment of financial assets and the useful life of property, plant and equipment and intangible assets subject to amortization.

Revenues recognition

Contributions

The Organization uses the deferral method of accounting for contributions. 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. Endowment contributions are recognized as direct increases in net asset.

Membership, event and other revenues

The Organization recognizes its membership, event and other revenues when all significant acts have been completed and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents consist of working funds, bank account balances including bank overdrafts that vary over time from overdraft to cash, and highly liquid investments that can easily be converted on short notice into a pre-determined cash amount without risk of significant variation in value.

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Notes to Financial Statements

As at December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and long term debt.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using straight-line method.

Capital Assets

Computer equipment are accounted for at cost. Amortization is calculated on its estimated useful life using the declining balance method at the rate of 45%.

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Notes to Financial Statements

As at December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

Property, plant and equipment and intangible assets subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

3. INTERNALLY RESTRICTED NET ASSETS

During the financial year, the Board of Directors decided to allocate an amount of \$161,611, thus bringing the total allocated amounts to \$549,402. In 2012, the Board of Directors adopted a reserve policy and decided to create two new funds: Sustainability Fund and Program Funds. In 2020, the Board of Directors changed the Sustainability Fund to the Contingency Reserve and the Strategic Initiatives Reserve. Those allocations help to finance programs and general activities when the financial resources of the organization are insufficient. The Organization cannot use those amounts received as allocation without the prior authorization of the Board of Directors. An endowment of \$84,993 for the Stewart Perry Youth Fund was also received in 2020. The amounts allocated are divided as follows:

	2020	2019
Restricted Reserves		
Contingency Reserves		
Program Reserves	\$ 289,471	\$ 274,718
Core Reserve	207,830	-
Sustainability Fund	-	113,073
	<u>497,301</u>	387,791
Strategic Initiatives Reserve	<u>52,101</u>	-
Total RESTRICTED RESERVES	549,402	387,791
ENDOWMENTS	84,993	-
	<u>\$ 634,395</u>	<u>\$ 387,791</u>

4. ACCOUNTS RECEIVABLE

	2020	2019
Receivables	\$ 521,345	\$ 205,559
Interest	2,856	2,873
Goods and services tax	21,109	30,792
	<u>\$ 545,310</u>	<u>\$ 239,224</u>

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK**Notes to Financial Statements****As at December 31, 2020****5. CAPITAL ASSETS**

	2020			2019	
	Cost	Accumulated amortization	Net book value	Net book value	
Computer equipment	\$ 23,741	\$ 17,709	\$ 6,032	\$	3,783
Furniture and equipment	2,110	2,110	-		-
	\$ 25,851	\$ 19,819	\$ 6,032	\$	3,783

6. LINE OF CREDIT

The Organization benefits from an authorized line of credit for a total amount of \$50,000, bearing interest at prime rate plus 2.5%. The line of credit is renegotiable on a yearly basis.

7. ACCOUNTS PAYABLE

	2020		2019	
Accounts payable	\$	119,870	\$	74,423
Wages and benefits		43,616		21,512
Accrued liabilities		-		13,699
	\$	163,486	\$	109,634

8. DEFERRED REVENUES AND CONTRIBUTIONS

Funds received in the current fiscal year that will be recognized as revenues in a subsequent year when all significant acts will be completed or when expenses will be engaged, are as follows:

	2020		2019	
Government contributions	\$	98,837	\$	12,161
Community/Charitable sector		301,475		243,627
Other restricted income		232,607		153,303
Membership		15,793		15,366
	\$	648,712	\$	424,457

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK
Notes to Financial Statements
As at December 31, 2020

9. LONG TERM DEBT

	2020	2019
Term loan of \$40,000, net of \$10,000 in government assistance, with certain conditions, interest-free, maturing in December 2022, guaranteed by the federal government	\$ 30,000	\$ -

10. INFORMATION ON CASH FLOWS

Cash and cash equivalents

	2020	2019
Cash	\$ 562,163	\$ 385,205
Term Deposits	363,817	357,500
	\$ 925,980	\$ 742,705

11. FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its long-term debt and accounts payable.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable.

The Organization provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Organization does not normally require a guarantee.

For grants receivable, the Organization continuously evaluates amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

For the other receivables, the Organization determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Notes to Financial Statements

As at December 31, 2020

11. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of the Organization's financial instruments will fluctuate because of changes in market prices. Some of the Organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Organization is exposed to interest rate risk on its floating-interest rate financial instruments. Floating interest rate instruments subject the Organization to related cash flow risk.

12. COMMITMENTS

The commitment of the Organization under lease agreements aggregates to \$31,633. The instalments over the next three years are the following:

2021	\$	20,057
2022	\$	9,253
2023	\$	2,323

THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Supplementary Information

For the year ended December 31

2020

2019

SCHEDULE A - DIRECT PROJECT COSTS

Contractors	\$	689,398	\$	639,539
Communications		13,866		11,745
Travel and meals		22,200		52,152
Professional development		824		13,238
Credit card processing fees		386		2,303
Materials and supplies		5,003		13,946
Knowledge products		174,209		4,696
Promotion, design and publications		7,843		15,448
Meeting, events, rooms and equipment rental		7,759		221,223
Grants		-		500
Translation		2,767		3,960
Legal and Professional fees		1,783		-
	\$	926,038	\$	978,750

SCHEDULE B - BOARD, COMMITTEES AND MEMBERS

Meeting, travel and meals	\$	2,035	\$	27,987
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SCHEDULE C - STAFF COSTS

Wages and benefits	\$	1,209,317	\$	1,126,935
Contractors		-		15,375
	\$	1,209,317	\$	1,142,310

SCHEDULE D - ADMINISTRATION

Insurance	\$	5,377	\$	5,039
Communications		3,095		1,670
Membership dues		718		192
Events		2,211		29,813
Employee training costs		3,404		4,383
Bank charges and online transaction costs		5,544		4,761
Equipment related costs		456		-
Office operations and supplies		4,894		10,021
Internet		13,063		12,376
Rent		43,883		52,310
Promotion, design and publications		1,774		3,700
Professional services		13,697		18,229
Translation		3,851		2,133
Website		27,567		1,220
	\$	129,534	\$	145,847