

**THE CANADIAN COMMUNITY  
ECONOMIC DEVELOPMENT NETWORK**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

## **INDEPENDANT AUDITORS' REPORT**

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To the directors of  
**THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK**

We have audited the accompanying financial statements of THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK, which comprise the balance sheets as at December 31, 2017, and the statements of income, of changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for non-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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDANT AUDITORS' REPORT

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### Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Organization as at December 31, 2017 and their financial performance and cash flows for the year ended in accordance with Canadian Accounting Standards for non-profit organizations.

*Groupe RDL Victoriaville SENCRL*

Groupe RDL Victoriaville SENCRL <sup>1</sup>  
Chartered Professional Accountants Corporation

Victoriaville,  
May 31, 2018

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<sup>1</sup> Joël Minville, CPA auditor, CA

Groupe RDL Victoriaville SENCRL est une entité juridique distincte et indépendante qui n'est pas associée ni mandataire des autres entités membres du Groupe RDL.

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

### Statement of Income

For the year ended December 31

2017

2016

#### REVENUE

##### Grants and contribution agreements :

Government contributions	\$	793,399	\$	661,553
Community/Charitable sector		1,019,284		373,060
Other grants and contribution agreements		15,800		34,101

##### Earned and unrestricted income :

Events		229,616		108,735
Contracted services		30,136		39,664
Memberships		41,433		45,083
Donations and other revenues		11,890		12,512
Interest		2,295		3,740

**2,143,853**      **1,278,448**

#### CHARGES

Direct project costs (schedule A)		1,085,503		408,548
Board, committees and members (schedule B)		33,582		26,440
Staff costs (schedule C)		803,405		765,564
Administration (schedule D)		143,305		146,111
Amortization of capital assets		1,347		1,751

**2,067,142**      **1,348,414**

#### **SURPLUS (DEFICIENCY) OF REVENUE OVER CHARGES**

**\$ 76,711 \$ (69,966)**

**THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK**

Statement of changes in net assets

For the year ended December 31

2017

2016

	Restricted		Invested in capital assets		Unrestricted		Total	Total		
<b>BALANCE, BEGINNING OF YEAR</b>	\$	165,660	\$	338	\$	-	\$	165,998	\$	235,964
Surplus (deficiency) of revenue over charges		73,574		(1,347)		4,484		76,711		(69,966)
Investments in capital assets		-		4,484		(4,484)		-		-
<b>BALANCE, END OF YEAR</b>	\$	239,234	\$	3,475	\$	-	\$	242,709	\$	165,998

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

### Balance Sheet

As at December 31

2017

2016

#### ASSETS

##### CURRENT ASSETS

Cash and cash equivalents	\$	133,043	\$	257,818
Accounts receivable (note 4)		363,273		250,558
Advances to organizations		-		86,000
Prepaid expenses		11,351		8,343
		<u>507,667</u>		<u>602,719</u>

##### CAPITAL ASSETS (note 5)

		<u>3,475</u>		<u>338</u>
	\$	<u>511,142</u>	\$	<u>603,057</u>

#### LIABILITIES

##### CURRENT LIABILITIES

Accounts payable (note 7)	\$	92,322	\$	36,950
Deferred revenue and contributions		176,111		400,109
		<u>268,433</u>		<u>437,059</u>

#### NET ASSETS

NETS ASSETS RESTRICTED		239,234		165,660
NETS ASSETS INVESTED IN CAPITAL ASSETS		<u>3,475</u>		<u>338</u>
		<u>242,709</u>		<u>165,998</u>
	\$	<u>511,142</u>	\$	<u>603,057</u>

On behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

### Statement of Cash Flows

For the year ended December 31

2017

2016

#### OPERATING ACTIVITIES

Surplus (deficiency) of revenue over charges	\$	76,711	\$	(69,966)
Adjustment for:				
Amortization of capital assets		<u>1,347</u>		<u>1,751</u>
		<b>78,058</b>		<b>(68,215)</b>

#### Net change in non-cash working capital items

Accounts receivable		<b>(112,715)</b>		(98,033)
Prepaid expenses		<b>(3,008)</b>		20,107
Accounts payable		<b>55,372</b>		6,797
Deferred revenue and contributions		<u><b>(223,998)</b></u>		<u>227,272</u>
		<b>(284,349)</b>		156,143

**(206,291)** 87,928

#### INVESTING ACTIVITIES

Advances to organizations		<b>86,000</b>		(86,000)
Acquisition of capital assets		<u><b>(4,484)</b></u>		<u>-</u>
		<b>81,516</b>		<b>(86,000)</b>

#### NET INCREASE (NET DECREASE) IN CASH AND CASH EQUIVALENTS

**(124,775)** 1,928

#### CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

**257,818** 255,890

#### CASH AND CASH EQUIVALENTS, END OF YEAR (note 9)

**\$ 133,043** **\$ 257,818**

# THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

## Notes to Financial Statements For the year ended December 31 2017

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### 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

#### Financial statements

The Organization apply the Canadian Accounting Standards for non-profit organizations of the part III of the Canadian CPA handbook in accordance with Canadian generally accepted accounting principles.

#### Use of estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for non-profit organizations requires management to make estimates 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 periods presented. Actual results could differ from estimates made by management.

#### 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  
For the year ended December 31 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments

##### *Measurement of financial instruments*

The Organization initially measures its financial assets and liabilities at fair value, except for certain operations that are not concluded as an arm's length transaction.

It subsequently measures all of its assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost are represented by cash and cash equivalents and accounts receivable

Financial liabilities measured at amortized cost are represented by the accounts payable.

##### *Impairment*

Financial assets measured at cost are tested for impairment if there are indications of possible impairment. The amount of impairment loss is recognized in net income. The impairment loss previously recognized shall be reversed to the extent of the improvement, either directly or by adjusting the allowance account, and must be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. This reversal is recognized in net income.

##### *Transaction costs*

The Organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that are not subsequently measured at fair value are increased by the transaction costs directly attributable to the creation, issue or support.

#### Capital assets

Capital assets are recorded at cost and depreciated over their estimated useful lives as follows:

	<b>Depreciation Method</b>	<b>Rates</b>
Computer equipment	Declining	45 %

#### Impairment of long-lived assets

When events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable, undiscounted estimated cash flows are projected over their remaining term and compared to the carrying amount. To the extent such projections indicate that future undiscounted cash flows are not sufficient to recover the carrying amounts of related assets, a charge is recorded to reduce the carrying amount to equal projected future discounted cash flows.

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Notes to Financial Statements  
For the year ended December 31 2017

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### 3. INTERNALLY RESTRICTED NET ASSETS

During the financial year, the Board of Directors decided to allocate an amount of \$ 73,574, thus bringing the total allocated amounts to \$ 239,234. In 2012, the Board of Directors adopted a reserve policy and decided to create two new funds : Sustainability Fund and Program Funds. 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. The amounts allocated are divided as follows :

	<u>2017</u>	<u>2016</u>
Sustainability Fund	\$ 62,330	\$ 28,184
Program Funds	<u>176,904</u>	<u>137,476</u>
	<u>\$ 239,234</u>	<u>\$ 165,660</u>

### 4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Receivables	\$ 349,473	\$ 239,008
Interest	1,024	2,810
Goods and services tax	12,776	8,264
Others	<u>-</u>	<u>476</u>
	<u>\$ 363,273</u>	<u>\$ 250,558</u>

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Notes to Financial Statements  
For the year ended December 31 2017

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### 5. CAPITAL ASSETS

	<u>Accumulated</u>		<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Computer equipment	\$ 13,484	\$ 10,009	\$ 3,475	\$ 338
Furniture and equipment	<u>2,110</u>	<u>2,110</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,594</u>	<u>\$ 12,119</u>	<u>\$ 3,475</u>	<u>\$ 338</u>

### 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

	<u>2017</u>	<u>2016</u>
Accounts payable	\$ 45,726	\$ 12,845
Wages and benefits	24,793	21,006
Accrued liabilities	<u>21,803</u>	<u>3,099</u>
	<u>\$ 92,322</u>	<u>\$ 36,950</u>

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Notes to Financial Statements  
For the year ended December 31 2017

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### 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::

	<u>2017</u>	<u>2016</u>
Government contributions	\$ 80,052	\$ 46,090
Community/Charitable sector	58,792	318,159
Other restricted income	18,563	17,763
Membership	<u>18,704</u>	<u>18,097</u>
	<u>\$ 176,111</u>	<u>\$ 400,109</u>

### 9. INFORMATION ON CASH FLOWS

#### Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 75,543	\$ 57,818
Term deposits	<u>57,500</u>	<u>200,000</u>
	<u>\$ 133,043</u>	<u>\$ 257,818</u>

### 10. FINANCIAL RISKS

#### Liquidity risk

Liquidity risk is the risk that an entity encounters difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly regarding its accounts payable. Management believes that the Company has the liquidity to meet its commitments.

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Notes to Financial Statements  
For the year ended December 31 2017

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### 10. FINANCIAL RISKS (continued)

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main credit risks for the Organization are related to the clients. The Organization extends credit to its customers in the ordinary course of business. Thus, the Organization is exposed to a concentration of credit on its clients. As at December 31, 2017, a sum of \$210,417 was due from three clients.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest 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 market interest rates. The instruments with a fixed interest rate subjugates the Organization to a risk of fair value and those with a variable interest rate, to a risk of cash flows. The Organization is exposed to the interest rate risk regarding its financial instruments with a variable interest rate. Management believes that a change in the interest rate of 1% would not have any significant impact on the results or the financial condition of the Organization.

### 11. COMMITMENTS

#### Leases

The Organization rents office space under leases maturing between June 2018 and March 2020. The future minimum rents totalled \$59,612 and include the following payments for the next three years:

2018	\$	41,921
2019	\$	15,485
2020	\$	2,206

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

### Supplementary Information

For the year ended December 31

2017

2016

#### SCHEDULE A DIRECT PROJECT COSTS

Contractors	\$	820,272	\$	160,941
Communications		26,951		31,873
Travel and meals		34,663		14,321
Project partner fees		-		500
Credit card processing fees		2,800		2,158
Materials and supplies		17,207		11,040
Advertising, design and publications		27,947		49,301
Meeting, events, rooms and equipment rental		123,353		105,608
Grants		26,600		29,360
Translation		5,710		3,446
	\$	1,085,503	\$	408,548

#### SCHEDULE B BOARD, COMMITTEES AND MEMBERS

Meeting, travel and meals	\$	33,582	\$	26,440
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#### SCHEDULE C STAFF COSTS

Wages and benefits	\$	803,405	\$	765,564
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## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

### Supplementary Information

For the year ended December 31

2017

2016

#### SCHEDULE D ADMINISTRATION

Insurance	\$	4,583	\$	4,096
Communications		1,882		3,071
Membership dues		788		161
Events		25,109		20,151
Employee training costs		-		318
Bank charges and online transaction costs		4,905		4,334
Equipment related costs		1,547		4,991
Office operations and supplies		7,638		6,559
Internet		21,684		29,069
Rent		48,222		34,095
Advertising and promotion		4,081		2,899
Professional services		21,553		33,789
Translation		1,313		2,578
	\$	143,305	\$	146,111