

**THE CANADIAN COMMUNITY  
ECONOMIC DEVELOPMENT NETWORK**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

## **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, 2022, 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, 2022, 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 SENCRL<sup>1</sup>*

Victoriaville  
May 25, 2023

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

**THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK****Statement of Revenues and Expenses****For the year ended December 31****2022****2021****REVENUE**

<b>Grants and contribution agreements :</b>			
Government contributions	\$	<b>3,653,256</b>	\$ 2,729,627
Community/Charitable sector		<b>452,812</b>	559,823
Other grants and contribution agreements		<b>28,475</b>	25,162
		<b>4,134,543</b>	3,314,612
<b>Earned and unrestricted income :</b>			
Events and training		<b>95,887</b>	65,875
Contracted services		<b>612,641</b>	518,258
Memberships		<b>40,580</b>	46,393
Donations and other revenues		<b>4,960</b>	8,466
Interest		<b>12,073</b>	(561)
		<b>766,141</b>	638,431
		<b>4,900,684</b>	3,953,043
<b>EXPENSES</b>			
Direct project costs (schedule A)		<b>3,159,650</b>	2,443,527
Board, committees and members (schedule B)		<b>26,787</b>	4,006
Staff costs (schedule C)		<b>1,337,194</b>	1,278,649
Administration (schedule D)		<b>233,521</b>	135,278
Amortization of capital assets		<b>5,242</b>	4,143
		<b>4,762,394</b>	3,865,603
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>		<b>138,290</b>	87,440
<b>LOSS ON DISPOSAL OF CAPITAL ASSETS</b>		<b>(2,468)</b>	-
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$	<b>135,822</b>	\$ 87,440

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

	<b>Endow- ment</b>	<b>Invested in capital assets</b>	<b>Restricted</b>	<b>2022 Total</b>	<b>2021 Total</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>85,373</b>	<b>8,240</b>	<b>634,254</b>	<b>727,867</b>	640,427
Surplus of revenue over expenses	<b>2,623</b>	<b>(7,710)</b>	<b>140,909</b>	<b>135,822</b>	87,440
Investment in capital assets	-	<b>6,819</b>	<b>(6,819)</b>	-	-
<b>BALANCE, END OF YEAR</b>	<b>87,996</b>	<b>7,349</b>	<b>768,344</b>	<b>863,689</b>	727,867

**THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK****Statement of Financial Position****As at December 31****2022****2021****ASSETS****CURRENT ASSETS**

Cash	\$	<b>639,305</b>	\$	1,889,826
Accounts receivable (note 4)		<b>538,681</b>		133,021
Prepaid expenses		<b>49,104</b>		9,975

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**1,227,090** 2,032,822**INVESTMENTS (note 5)****520,000** -**CAPITAL ASSETS (note 6)****7,349** 8,240

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**\$ 1,754,439** \$ 2,041,062

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**LIABILITIES****CURRENT LIABILITIES**

Accounts payable (note 7)	\$	<b>166,963</b>	\$	182,585
Deferred revenue and contributions (note 8)		<b>683,787</b>		1,090,610
Current portion of long term debt (note 9)		<b>40,000</b>		-

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**890,750** 1,273,195**LONG TERM DEBT (note 9)**

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- 40,000

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**890,750** 1,313,195

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**NET ASSETS****ENDOWMENT****87,996** 85,373**RESTRICTED NET ASSETS****768,344** 634,254**NETS ASSETS INVESTED IN CAPITAL ASSETS****7,349** 8,240

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**863,689** 727,867


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**\$ 1,754,439** \$ 2,041,062

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On behalf of the Board:

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

**THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK****Cash Flows****For the year ended December 31****2022****2021****OPERATING ACTIVITIES**

Excess of revenues over expenses	\$	<b>135,822</b>	\$	87,440
Adjustments for:				
Amortization of capital assets		<b>5,242</b>		4,143
Loss on disposal of capital assets		<b>2,468</b>		-
CEBA Forgiveness		-		(10,000)
		<b>143,532</b>		81,583
Net change in non-cash items related to operating activities:				
Accounts receivable		<b>(405,660)</b>		412,289
Prepaid expenses		<b>(39,129)</b>		(4,670)
Accounts payable		<b>(15,622)</b>		19,099
Deferred revenue and contributions		<b>(406,823)</b>		441,898
		<b>(723,702)</b>		950,199

**INVESTING ACTIVITIES**

Investment acquisition		<b>(520,000)</b>		-
Acquisition of capital assets		<b>(6,819)</b>		(6,351)
		<b>(526,819)</b>		(6,351)

**FINANCING ACTIVITY**

Long-term borrowings		-		20,000
<b>INCREASE (DECREASE) IN CASH</b>		<b>(1,250,521)</b>		963,848
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (note 10)</b>		<b>1,889,826</b>		925,978
<b>CASH, END OF YEAR</b>	\$	<b>639,305</b>	\$	1,889,826



# THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

## Notes to Financial Statements

As at December 31, 2022

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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

The Organization applies the Canadian accounting standards for not-for-profit organizations.

#### **Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The main estimates relate to the provision for doubtful accounts, the impairment of financial assets and the useful lives capital 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, 2022

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments

#### *Initial measurement*

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

#### *Subsequent measurement*

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

Financial assets measured at amortized cost using the straight-line method include cash, accounts receivable and investments.

#### *Transaction costs*

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in net income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in net income over the life of the instrument using the straight-line method.

#### *Impairment*

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, 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. If the indicators of impairment have decreased or no longer exist, the 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.

### 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%.

**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 \$134,090, thus bringing the total allocated amounts to \$768,344. In 2020, the Board of Directors adopted a new reserve policy with two specific reserves: 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. The amounts allocated are divided as follows:

	2022	2021
<b>Restricted reserves</b>		
Contingency Reserves		
Program Reserves	334,355	309,956
Operation Reserve	305,261	219,071
	639,616	529,027
Strategic initiatives reserve	128,728	105,227
Total restricted reserves	768,344	634,254
Endowments	87,996	85,373
	\$ 856,340	\$ 719,627

**4. ACCOUNTS RECEIVABLE**

	2022	2021
Receivables	\$ 513,231	\$ 111,062
Interest	639	416
Goods and services tax	24,811	21,543
	\$ 538,681	\$ 133,021

**THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK**

**Notes to Financial Statements**

**As at December 31, 2022**

**5. INVESTMENTS**

	<b>2022</b>	<b>2021</b>
<b>Portfolio investments</b>		
Term deposits, bearing interest at rates varying from 4.25% to 5%, maturing in December 2024 and December 2025	\$ 520,000	\$ -

**6. CAPITAL ASSETS**

	<b>2022</b>		<b>2021</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	<b>Net book value</b>
Computer equipment	\$ 18,268	\$ 10,919	\$ 7,349	\$ 8,240
Furniture and equipment	2,110	2,110	-	-
	<b>\$ 20,378</b>	<b>\$ 13,029</b>	<b>\$ 7,349</b>	<b>\$ 8,240</b>

**7. ACCOUNTS PAYABLE**

	<b>2022</b>	<b>2021</b>
Accounts payable	\$ 114,853	\$ 110,977
Wages and benefits	49,440	70,676
Accrued liabilities	2,670	932
	<b>\$ 166,963</b>	<b>\$ 182,585</b>

**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:

	<b>2022</b>	<b>2021</b>
Government contributions	\$ 412,915	\$ 785,685
Community/Charitable sector	102,409	54,593
Other restricted income	150,953	233,312
Membership	17,510	17,020
	<b>\$ 683,787</b>	<b>\$ 1,090,610</b>

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

### Notes to Financial Statements

As at December 31, 2022

#### 9. LONG TERM DEBT

	2022	2021
Term loan of \$60,000, net of \$20,000 in government assistance, with certain conditions, interest-free, maturing in December 2023, guaranteed by the federal government	\$ 40,000	\$ 40,000
Current portion of long term debt	(40,000)	-
	\$ -	\$ 40,000

#### 10. INFORMATION ON CASH FLOWS

Cash and cash equivalents

	2022	2021
Cash	\$ 639,305	\$ 1,524,227
Term Deposits	-	365,599
	\$ 639,305	\$ 1,889,826

#### 11. FINANCIAL INSTRUMENTS

##### Financial risks

The significant risks arising from financial instruments to which the Organization is exposed as at December 31, 2022 are detailed below.

##### 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 and investments.

## THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

### Notes to Financial Statements

As at December 31, 2022

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#### 11. FINANCIAL INSTRUMENTS (continued)

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.

#### 12. COMMITMENTS

The commitment of the Organization under lease agreements aggregates to \$14,818. The instalments over the next year are the following:

2023	\$	14,818
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#### 13. EVENT AFTER THE BALANCE SHEET DATE

##### Lease

In January 2023, the organization renewed its lease for the Victoriaville office located at 905 Boulevard des Bois-Francis Sud. The lease is granted for a term of 3 years, beginning on January 1, 2023 and ending on December 31, 2025.

**THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK****Supplementary Information****For the year ended December 31****2022****2021****SCHEDULE A - DIRECT PROJECT COSTS**

Intern wages and benefits	\$	1,259,446	\$	1,014,988
Contractors		1,585,066		1,264,063
Communications		65,307		70,116
Travel and meals		47,168		1,996
Professional development		1,146		932
Project partner fees		200		-
Credit card processing fees		3,866		2,157
Materials and supplies		11,124		1,531
Knowledge products		115,277		57,879
Promotion, design and publications		43,624		13,527
Meeting, events, rooms and equipment rental		18,981		5,603
Legal and Professional fees		-		335
Translation		8,445		10,400
	\$	3,159,650	\$	2,443,527

**SCHEDULE B - BOARD, COMMITTEES AND MEMBERS**

Meeting, travel and meals	\$	26,787	\$	4,006
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**SCHEDULE C - STAFF COSTS**

Wages and benefits	\$	1,337,194	\$	1,263,984
Contractors		-		14,665
	\$	1,337,194	\$	1,278,649

**SCHEDULE D - ADMINISTRATION**

Insurance	\$	5,720	\$	5,522
Communications		4,277		4,355
Membership dues		7,295		949
Employee training and meeting costs		56,506		5,650
Bank charges and online transaction costs		5,228		5,942
Equipment related costs		2,467		1,153
Office operations and supplies		7,528		4,107
Internet and online services		18,704		12,338
Rent		45,490		47,593
Promotion, events and publications		12,425		5,110
Professional services		42,338		18,374
Website		18,764		18,378
Translation		6,779		5,807
	\$	233,521	\$	135,278