THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

FINANCIAL STATEMENTS
DECEMBER 31, 2015

GROUPE RDL

ROY DESROCHERS
LAMBERT SENCRL
SOCIÉTÉ DE COMPTABLES PROFESSIONNELS AGRÉÉS

450, boul. Bois-Francs Nord
Victoriaville (Québec) G6P 1H3
Tél. : 819 758-1544 / Téléc. : 819 758-6467

INDEPENDENT AUDITORS' REPORT

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 include the balance sheet as at December 31, 2015, 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 Responsability 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 Responsability

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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.

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Organization as at December 31, 2015 and their financial performance and cash flows for the year then ended in accordance with Canadian Accounting Standards for non-profit organizations.

Roy Desrochers Lambert senrl

Roy Desrochers Lambert SENCRL [1]
Chartered Professional Accountants Corporation

Victoriaville,
April 28, 2015

[1] Joël Minville, CPA auditor, CA

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THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Statement of Income

For the year ended December 31		2015	2014
REVENUE			
Grants and contribution agreements			
Government contributions	$	422,258	$ 430,872
Community/Charitable sector		444,383	431,689
Other grants and contribution agreements		48,137	27,997
Earned and unrestricted income			
Events		35,305	35,397
Contracted services		20,905	28,381
Memberships		45,831	42,462
Donations and other revenues		11,978	11,064
Interest		2,949	4,154
		1,031,746	1,012,016
CHARGES			
Direct project costs (schedule A)		195,788	202,822
Board, committees and members (schedule B)		19,379	17,525
Staff costs (schedule C)		721,578	630,337
Administration (schedule D)		111,592	139,000
Amortization of capital assets		1,806	3,516
		1,050,143	993,200
SURPLUS (LOSS) FROM OPERATIONS		(18,397)	18,816
LOSS ON DISPOSAL OF CAPITAL ASSETS		-	(218)
SURPLUS (DEFICIENCY) OF REVENUE OVER EXPENSES	$	(18,397)	$ 18,598

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THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Statement of changes in net assets

For the year ended December 31

				2015	2014
	Restricted	Invested in capital assets	Unrestricted	Total	Total
BALANCE, BEGINNING OF YEAR	$ 251,505	$ 2,856	$ -	$ 254,361	$ 235,763
Surplus (deficiency) of revenue over expenses	-	(1,806)	(16,591)	(18,397)	18,598
Investments in capital assets	-	1,039	(1,039)	-	-
Internally restricted net assets (note 3)	(17,630)	-	17,630	-	-
BALANCE, END OF YEAR	$ 233,875	$ 2,089	$ -	$ 235,964	$ 254,361

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THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Balance Sheet

As at December 31		**2015**		2014
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	**255,890**	$	251,361
Accounts receivable (note 4)		**152,525**		266,393
Prepaid expenses		**28,450**		5,736
		436,865		523,490
CAPITAL ASSETS (note 5)		**2,089**		2,856
	$	**438,954**	$	526,346
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable (note 7)	$	**30,153**	$	48,539
Deferred revenue and contributions (note 8)		**172,837**		223,446
		202,990		271,985
NET ASSETS				
NET ASSETS RESTRICTED		**233,875**		251,505
NETS ASSETS INVESTED IN FIXED ASSETS		**2,089**		2,856
		235,964		254,361
	$	**438,954**	$	526,346

On behalf of the Board:

...., Director

...., Director

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THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK

Statement of Cash Flows

For the year ended December 31		**2015**	2014
OPERATING ACTIVITIES			
Surplus (deficiency) of revenue over expenses	$	**(18,397)** $	18,598
Adjustments for:			
Amortization of capital assets		**1,806**	3,516
Loss on disposal of capital assets		**-**	218
		(16,591)	22,332
Net change in non-cash working capital items			
Accounts receivable		**113,868**	(117,756)
Prepaid expenses		**(22,714)**	(452)
Accounts payable		**(18,386)**	(12,178)
Deferred revenue and contributions		**(50,609)**	28,225
		22,159	(102,161)
		5,568	(79,829)
INVESTING ACTIVITY			
Acquisition of capital assets		**(1,039)**	(3,069)
NET INCREASE (NET DECREASE) IN CASH AND CASH EQUIVALENTS		**4,529**	(82,898)
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR		**251,361**	334,259
CASH AND CASH EQUIVALENTS, END OF YEAR	$	**255,890** $	251,361

1. ARTICLES OF INCORPORATION

The Organization is governed under the Canada Not-for-profit Corporations Act and 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 decided to 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 organization 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 assents.

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.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

	Depreciation Method	Rates
Computer equipment	Declining	45 %
Furniture and equipement	Declining	20 %

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.

3. INTERNALLY RESTRICTED NET ASSETS

During the year, the Board of Directors decided to transfer an amount of $ 28,122 to the Program funds from the Sustainability Fund. Furthermore, an amount of $ 17,630 was transferred from the Sustainability Fund to the Net Unrestricted Asset to compensate the deficiency of the year. 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:

	2015	2014
Sustainability Fund	$ 137,293	$ 183,045
Program Funds	96,582	68,460
	$ 233,875	$ 251,505

4. ACCOUNTS RECEIVABLE

	2015	2014
Receivables	$ 145,403	$ 256,675
Interest	624	2,682
Goods and services tax	6,498	7,036
	$ 152,525	$ 266,393

5. CAPITAL ASSETS

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 9,000	$ 7,198	$ 1,802	$ 2,378
Furniture and equipement	2,110	1,823	287	478
	$ 11,110	$ 9,021	$ 2,089	$ 2,856

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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

		2015		2014
Accounts payable	$	**10,696**	$	19,277
Wages and benefits		**18,957**		20,325
Accrued liabilities		**500**		8,937
	$	**30,153**	$	48,539

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:

		2015		2014
Government contributions	$	**-**	$	6,839
Community/Charitable sector		**122,653**		162,182
Other restricted income		**29,409**		37,003
Memberships		**20,775**		15,701
Donations		**-**		1,721
	$	**172,837**	$	223,446

9. INFORMATION ON CASH FLOWS

Cash and cash equivalents

		2015		2014
Cash	$	**5,890**	$	76,361
Term deposits		**250,000**		175,000
	$	**255,890**	$	251,361

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 Organization has the liquidity to meet its commitments.

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 and investment. 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, 2015, a sum of $102,359 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 2015 and September 2016. The future minimum rents totalled $ 16,359 and constitute the payments for the next year.

SCHEDULE A DIRECT PROJECT COSTS

		2015		2014
Contractors	$	**43,268**	$	67,452
Communications		**19,724**		19,532
Travel and meals		**9,880**		9,845
Project partner fees		**70,836**		65,049
Credit card processing fees		**1,560**		2,445
Materials and supplies		**6,740**		5,444
Advertising, design and publications		**22,645**		5,489
Meeting, events, rooms and equipment rental		**16,229**		18,899
Translation		**4,906**		8,667
	$	**195,788**	$	202,822

SCHEDULE B BOARD, COMMITTEES AND MEMBERS

		2015		2014
Meeting, travel and meals	$	**19,379**	$	17,525

SCHEDULE C STAFF COSTS

		2015		2014
Wages and benefits	$	**719,860**	$	625,793
Contractors		**1,718**		4,544
	$	**721,578**	$	630,337

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Supplementary Information

For the year ended December 31	2015	2014

SCHEDULE D ADMINISTRATION

	2015	2014
Insurance	$ 3,911	$ 4,035
Communications	2,264	2,479
Membership dues	159	157
Events	11,339	25
Employee training costs	280	62
Bank charges and online transaction costs	4,164	4,736
Equipment related costs	3,347	4,021
Office operations and supplies	14,832	20,130
Internet	28,595	24,714
Rent	36,197	39,010
Advertising and promotion	1,235	7,134
Professional services	595	26,569
Translation	4,674	5,928
	$ 111,592	$ 139,000

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