



**CENTRE FOR DEVELOPING
RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN
MARKHAM INC.**

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**



**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.**

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of
Centre For Developing Relationships For Exceptional Adults In Markham Inc.

Qualified Opinion

We have audited the financial statements of Centre For Developing Relationships For Exceptional Adults In Markham Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in fund balances 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Centre For Developing Relationships For Exceptional Adults In Markham Inc. 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 Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and the fund balances as at January 1 and December 31 for both the 2020 and 2019 years.

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 qualified 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 Centre'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 Centre or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.



Auditors' 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 it 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at our website at www.krestongta.com/audit. This description forms part of our auditor's report.

**Markham, Ontario
September 21, 2021**

Kreston GTA
**Kreston GTA LLP
Licensed Public Accountants**

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 140,049	\$ 58,308
Accounts receivable	3	67,130	30,000
Prepaid expenses		6,076	1,500
		213,255	89,808
Long Term Assets			
Capital assets	4	36,108	27,206
		\$ 249,363	\$ 117,014
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 13,995	\$ 17,252
Deferred revenue	5	34,647	-
Bank loan	6	40,000	-
		88,642	17,252
Long Term Liabilities			
Deferred contributions	7	26,841	10,238
NET ASSETS			
Unrestricted net assets		124,614	72,556
Invested in capital assets	8	9,266	16,968
		133,880	89,524
		\$ 249,363	\$ 117,014

**COMMITMENTS (See Note 10)
IMPACT OF COVID-19 (See Note 11)**

Approved on Behalf of the Board

Director 

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Unrestricted Net Assets	Invested in Capital Assets	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 72,556	\$ 16,968	\$89,524	\$ 32,320
Excess (Deficiency) of revenues over expenses	52,058	(7,702)	44,356	57,204
Investment in capital assets	(18,625)	18,625	-	-
Interfund transfers (See Note 7)	18,625	(18,625)		
BALANCE, END OF YEAR	\$ 124,614	\$ 9,266	\$ 133,880	\$ 89,524

The accompanying notes are an integral part of these financial statements.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020	2019
REVENUES			
Program fees		\$ 168,887	\$ 365,488
Government grants		89,888	82,755
Contributions		47,341	88,773
Other grants and income	6	29,000	20,217
Fundraising events		26,519	12,050
Amortization of deferred contributions	7	2,021	2,562
		363,656	571,845
EXPENSES			
Salaries and benefits		138,432	277,647
Rent and occupancy costs		48,876	86,444
Office and general		35,863	29,054
Program costs		17,105	27,967
Utilities		15,354	18,648
Insurance		15,007	13,886
Professional fees		14,250	16,401
Fundraising events		7,555	16,891
Vehicle and travel		6,414	9,187
Telecommunications		6,108	4,833
Interest and bank charges		2,563	2,031
Advertising and promotion		2,050	2,731
Amortization		9,723	8,921
		319,300	514,641
EXCESS OF REVENUES OVER EXPENSES		\$ 44,356	\$ 57,204

The accompanying notes are an integral part of these financial statements.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 44,356	\$ 57,204
Item not requiring an outlay of cash:		
Amortization	9,723	8,921
	54,079	66,125
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	(37,130)	627
Prepaid expenses	(4,576)	(50)
Accounts payable and accrued liabilities	(3,257)	(14,529)
Deferred revenue	34,647	-
Deferred contributions	16,603	(2,562)
NET CASH PROVIDED BY OPERATING ACTIVITIES	60,366	49,611
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from bank loan	40,000	-
Repayment of loans payable	-	(12,000)
	40,000	(12,000)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of capital assets	(18,625)	-
NET INCREASE IN CASH	81,741	37,611
CASH, BEGINNING OF YEAR	58,308	20,697
CASH, END OF YEAR	\$ 140,049	\$ 58,308

The accompanying notes are an integral part of these financial statements.

CENTRE FOR DEVELOPING RELATIONSHIPS FOR EXCEPTIONAL ADULTS IN MARKHAM INC. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. PURPOSE OF THE ORGANIZATION

The Centre For Developing Relationships For Exceptional Adults In Markham Inc., operating as The Centre For DREAMS (the "Organization") is an Ontario corporation without share capital and for Canadian income tax purposes, qualifies as a not-for-profit organization which is exempt from income tax and is a registered charity under the Income Tax Act.

The purpose of the Organization is to enhance the knowledge of its clients with developmental disabilities in a variety of settings, within their community, to empower them to become independent, dignified and respected members therein. The Organization is dedicated to providing the opportunities and the means for their youth and adult members to focus their abilities and not their disabilities through educational, social and life skill programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

Revenue Recognition

The Organization follows the deferral method of accounting for contributions and fundraising. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government funding is recognized as revenue in the period in which the related expenses are incurred. Amounts received in relation to future expenses are recorded as deferred revenue.

Program fees and fundraising events are recognized as revenue when services are performed.

Governments subsidies received from various COVID-19 programs are recorded as other income or as a reduction to their corresponding expenses. These subsidies are recognized when received or receivable if the amount can be estimated and collection is reasonably assured.

Contributed Services

In its day-to-day operations, the Organization uses the services of many volunteers. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are made up mostly of unrestricted cash and short-term investments with a maturity period of three months or less from the date of acquisition.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Amortization

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization, based on the estimated useful lives of the assets, is provided using the under noted annual rates and methods:

Equipment	20% declining balance
Furniture and fixtures	20% declining balance
Automobile	30% declining balance
Computers	45% declining balance
Leasehold improvements	10 year straight line

Financial Instrument Measurement

The Organization initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and CEBA loan.

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 amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Estimates and assumptions are periodically reviewed, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. The areas requiring significant estimates are the collectability of accounts receivable, accrued liabilities and the estimated useful life of capital assets.

3. ACCOUNTS RECEIVABLE

	2020	2019
Program fees receivable	\$ 1,113	\$ 2,008
CEWS and CERS receivable	37,514	-
HST rebate receivable	18,003	17,679
City of Markham	10,500	10,313
	\$ 67,130	\$ 30,000

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Equipment	\$ 2,500	\$ 1,910	\$ 590	\$ 738
Furniture and fixtures	28,336	24,158	4,178	5,222
Automobile	27,443	24,698	2,745	3,921
Computers	32,318	15,211	17,107	468
Leasehold improvements	53,695	42,207	11,488	16,857
	\$ 144,292	\$ 108,184	\$ 36,108	\$ 27,206

5. DEFERRED REVENUE

These deferred revenues represent government and other grants received from various organizations in the current period, that are related to the subsequent period. Changes in the deferred revenue balance is as follows:

	Balance January 1, 2020	Amount recognized as revenue in 2020	Amount received related to the following year	Balance December 31, 2020
Government grants	\$ -	\$ -	\$ 22,754	\$ 22,754
Other grants	-	-	11,893	11,893
	\$ -	\$ -	\$ 34,647	\$ 34,647

6. BANK LOAN

During the year, the Organization obtained a loan in the amount of \$60,000 from the Bank of Montreal. The credit facility is unsecured and includes a forgivable portion of \$20,000 if the Organization repays \$40,000 of the amount withdrawn on or before December 31, 2022. This credit facility has an interest-free period until December 31, 2022 and will mature December 31, 2025. The forgivable portion of the loan has been treated as other grants and income during the year.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

7. DEFERRED CONTRIBUTIONS

Deferred contributions reported include unamortized portions of contributed capital assets. The changes for the year in the deferred contributions balance are as follows:

	2020	2019
Deferred contributions - Balance, beginning of year	\$ 10,238	\$ 12,800
Capital assets contributed during the year	18,624	-
Amounts amortized to revenue	(2,021)	(2,562)
Deferred contributions - Balance, end of year	\$ 26,841	\$ 10,238

Amortization of the deferred contributions to revenue is provided on the same basis as the amortization of the cost of the capital assets.

During the year, the Organization purchased \$18,625 in capital assets using contributed funds. However, the Organization did not take possession of these capital assets until subsequent to the year. As such, these capital assets were not amortized and the no corresponding amount was recorded as amortized to revenue. As the Organization will not amortize the capital asset or the deferred contribution until next year, in the current year this transaction represents an interfund transfer.

8. NET ASSETS INVESTED IN CAPITAL ASSETS

	2020	2019
Capital assets	\$ 36,108	\$ 27,206
Deferred capital contributions	(26,841)	(10,238)
Net assets - Balance, end of year	\$ 9,267	\$ 16,968

9. RELATED PARTY TRANSACTIONS

Contributions

During the year, contributions in the amount of \$2,020 (2019 - \$1,840) were received from members of the board of directors of the Organization.

These above transactions were made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the Organization received \$187 (2019 - \$13,600) in contributed services and materials.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

10. COMMITMENTS

The estimated minimum annual rental payments for the property, photocopier and vehicle leases in effect at December 31, 2020 are approximately as follows:

2021	\$	102,270
2022		42,270
2023		9,189
	\$	153,729

11. IMPACT OF COVID-19

During the year, the emergence of the novel strain of coronavirus ("Covid 19") and the corresponding emergency measures implemented by the federal and provincial governments had caused immediate changes to the operations of the Organization. While the state of the COVID-19 situation is improving, the continued uncertainty of its outcome and duration has made it not possible to estimate its impact on the Organization's operations or financial results; however, the impact has been and will continue to be material. Although an estimate of the potential loss in revenues cannot be made, management believes that the Organization has sufficient reserves to continue as a going concern.

During the year, the Organization received Canada Emergency Wage Subsidies and Canada Emergency Rent Subsidies in the amount of \$102,579 and \$8,968, from the Government of Canada. Of this amount, \$37,514 is included in accounts receivable and received subsequent to year end. These subsidies were recorded as reduction in salaries and benefits and rent and occupancy costs. The amount of subsidies that may be obtained in 2021 are subject to various eligibility criteria and therefore cannot be reasonably estimated.

12. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks as at December 31, 2020:

Credit Risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Organization is exposed to credit risk on its cash and cash equivalents and its accounts receivable. In order to manage the credit risk associated with cash and cash equivalents, the Organization only transacts with highly rated financial institutions in Canada.

Credit risk on accounts receivable results from program fees due from clients and fundraising events due from donors. The Organization assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they come due. The Organization manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available.

Other risks

It is management's opinion that the organization is not exposed to other significant interest rate or price risks arising from the financial instruments.

The extent of the Organization's exposure to all risks did not change during the year.