

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

DECEMBER 31, 2021

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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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and the fund balances as at January 1 and December 31 for both the 2021 and 2020 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Kreston GTA

July 27, 2022
Markham, Ontario

Kreston GTA LLP
Licensed Public Accountants

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**

	Note	2021	2020
ASSETS			
Current Assets			
Cash		\$ 122,579	\$ 140,049
Accounts receivable	3	40,498	67,130
Prepaid expenses		7,645	6,076
		170,722	213,255
Long Term Assets			
Capital assets	4	33,759	36,108
		\$ 204,481	\$ 249,363
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 23,286	\$ 13,995
Deferred revenue	5	-	34,647
Bank loan		-	40,000
		23,286	88,642
Long Term Liabilities			
Deferred contributions	6	16,821	26,841
NET ASSETS			
Unrestricted net assets		147,437	124,614
Invested in capital assets	7	16,937	9,266
		164,374	133,880
		\$ 204,481	\$ 249,363

**COMMITMENTS (See Note 9)
IMPACT OF COVID-19 (See Note 10)**

Approved on Behalf of the Board

Director

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

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Unrestricted Net Assets	Invested in Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 124,614	\$ 9,266	\$133,880	\$ 89,524
Excess (Deficiency) of revenues over expenses	40,457	(9,963)	30,494	44,355
Investment in capital assets	(17,634)	17,634	-	-
BALANCE, END OF YEAR	\$ 147,437	\$ 16,937	\$ 164,374	\$ 133,879

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, 2021**

	Note	2021	2020
REVENUES			
Program fees	\$	283,030	\$ 168,887
Government grants		132,101	89,888
Contributions		48,418	47,341
Other grants and income		26,148	29,000
Fundraising events		15,670	26,519
Amortization of deferred contributions		10,020	2,021
		515,387	363,656
EXPENSES			
Salaries and benefits		231,005	138,432
Rent and occupancy costs		77,948	48,876
Office and general		43,413	35,863
Professional fees		33,250	14,250
Program costs		23,709	20,977
Utilities		17,232	15,354
Insurance		14,800	15,007
Vehicle and travel		7,578	6,414
Telecommunications		5,640	6,108
Fundraising events		5,144	3,684
Advertising and promotion		3,574	2,050
Interest and bank charges		1,617	2,563
Amortization		19,983	9,723
		484,893	319,301
EXCESS OF REVENUES OVER EXPENSES	\$	30,494	\$ 44,355

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, 2021**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 30,494	\$ 44,355
Item not requiring an outlay of cash:		
Amortization	19,983	9,723
	50,477	54,078
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	26,632	(37,130)
Prepaid expenses	(1,569)	(4,576)
Accounts payable and accrued liabilities	9,291	(3,257)
Deferred revenue	(34,647)	34,648
Deferred contributions	(10,020)	16,603
NET CASH PROVIDED BY OPERATING ACTIVITIES	40,164	60,366
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
(Repayment of) / Proceeds from bank loan	(40,000)	40,000
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of capital assets	(17,634)	(18,625)
NET (DECREASE) INCREASE IN CASH	(17,470)	81,741
CASH, BEGINNING OF YEAR	140,049	58,308
CASH, END OF YEAR	\$ 122,579	\$ 140,049

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, 2021**

I. 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, 2021**

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.

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

	2021	2020
Program fees receivable	\$ 8,243	\$ 1,113
CEWS and CERS receivable	-	37,514
HST rebate receivable	20,823	18,003
City of Markham	11,432	10,500
	\$ 40,498	\$ 67,130

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2021	Net 2020
Computer equipment	\$ 38,767	\$ 25,811	\$ 12,956	\$ 17,107
Furniture and fixtures	39,521	27,231	12,290	4,178
Leasehold improvements	53,695	47,576	6,119	11,488
Vehicles	27,443	25,521	1,922	2,745
Equipment	2,500	2,028	472	590
	\$ 161,926	\$ 128,167	\$ 33,759	\$ 36,108

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, 2021	Amount recognized as revenue in 2021	Amount received related to the following year	Balance December 31, 2021
Government grants	\$ 22,754	\$ 22,754	\$ -	\$ -
Other grants	11,893	11,893	-	-
	\$ 34,647	\$ 34,647	\$ -	\$ -

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

6. 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:

	2021	2020
Deferred contributions - Balance, beginning of year	\$ 26,841	\$ 10,238
Capital assets contributed during the year	-	18,624
Amounts amortized to revenue	(10,020)	(2,021)
Deferred contributions - Balance, end of year	\$ 16,821	\$ 26,841

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

7. NET ASSETS INVESTED IN CAPITAL ASSETS

	2021	2020
Capital assets	\$ 33,759	\$ 36,108
Deferred capital contributions	(16,822)	(26,841)
Net assets - Balance, end of year	\$ 16,937	\$ 9,267

8. RELATED PARTY TRANSACTIONS

Contributions

During the year, contributions in the amount of \$925 (2020 - \$2,020) 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 \$1,160 (2020 - \$187) 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, 2021**

9. COMMITMENTS

The estimated minimum annual rental payments for the property, photocopier and vehicle leases in effect at December 31, 2021 are approximately as follows:

2022	\$	103,170
2023		104,739
2024		99,750
2025		101,850
2026		103,425
	\$	512,934

10. 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 \$40,139 (2020 - \$102,579) and \$15,192 (2020 - \$8,968), from the Government of Canada. Of this amount, Nil (2020 - \$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 2022 are subject to various eligibility criteria and therefore cannot be reasonably estimated.

11. 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, 2021:

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

11. 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.

12. COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform with the current year's financial statement presentation.