



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

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**



CENTRE FOR DEVELOPING RELATIONSHIPS FOR EXCEPTIONAL ADULTS IN MARKHAM INC.

DECEMBER 31, 2019

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7



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, 2019, 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, 2019, 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 (deficiency) of revenues over expenses, and cash flows from operations for the year ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and the fund balances as at January 1 and December 31 for both the 2019 and 2018 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.

Kreston GTA

**Markham, Ontario
September 14, 2020**

**Kreston GTA LLP
Licensed Public Accountants**

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
EXCEPTIONAL ADULTS IN MARKHAM INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

	Note	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 58,308	\$ 20,697
Accounts receivable	3	30,000	30,627
Prepaid expenses		1,500	1,450
		89,808	52,774
Long Term Assets			
Capital assets	4	27,206	36,127
		\$ 117,014	\$ 88,901
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 17,252	\$ 31,781
Short-term debt	7	-	12,000
		17,252	43,781
Long Term Liabilities			
Deferred contributions	5	10,238	12,800
NET ASSETS			
Unrestricted net assets		72,556	8,993
Invested in capital assets	6	16,968	23,327
		89,524	32,320
		\$ 117,014	\$ 88,901

COMMITMENTS (See Note 8)
SUBSEQUENT EVENTS (See Note 9)

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, 2019**

	Unrestricted Net Assets	Invested in Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 8,993	\$ 23,327	\$32,320	\$ 23,600
Excess (Deficiency) of revenues over expenses	63,563	(6,359)	57,204	8,720
BALANCE, END OF YEAR	\$ 72,556	\$ 16,968	\$ 89,524	\$ 32,320

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, 2019**

	Note	2019	2018
REVENUES			
Program fees		\$ 365,488	\$ 354,784
Government funding		82,755	103,351
Contributions		88,773	53,502
Fundraising events		12,050	19,860
Other income		20,217	3,614
Amortization of deferred contributions	5	2,562	3,328
		571,845	538,439
EXPENSES			
Salaries and benefits		277,647	289,315
Rent and occupancy costs		86,444	94,073
Office and general		29,054	38,191
Program costs		27,967	14,289
Utilities		18,648	22,184
Fundraising events		16,891	15,510
Professional fees		16,401	14,756
Insurance		13,886	13,678
Vehicle and travel		9,187	7,460
Telecommunications		4,833	5,852
Advertising and promotion		2,731	103
Interest and bank charges		2,031	3,980
Amortization		8,921	10,328
		514,641	529,719
EXCESS OF REVENUES OVER EXPENSES		\$ 57,204	\$ 8,720

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, 2019**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 57,204	\$ 8,720
Item not requiring an outlay of cash:		
Amortization	8,921	10,328
	66,125	19,048
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	627	1,097
Prepaid expenses	(50)	-
Accounts payable and accrued liabilities	(14,529)	(9,233)
Deferred revenue	-	(21,853)
Deferred contributions	(2,562)	3,648
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	49,611	(7,293)
CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES		
Proceeds from loan payable	-	12,000
Repayment of loans payable	(12,000)	-
	(12,000)	12,000
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of capital assets	-	(10,197)
NET INCREASE (DECREASE) IN CASH	37,611	(5,490)
CASH, BEGINNING OF YEAR	20,697	26,187
CASH, END OF YEAR	\$ 58,308	\$ 20,697

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, 2019**

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.

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, 2019**

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

	2019	2018
Program fees receivable	\$ 2,008	\$ 16,159
HST rebate receivable	17,679	9,845
City of Markham	10,313	4,623
	\$ 30,000	\$ 30,627

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2019	Net 2018
Equipment	\$ 2,500	\$ 1,762	\$ 738	\$ 922
Furniture and fixtures	28,336	23,114	5,222	6,527
Automobile	27,443	23,522	3,921	5,601
Computers	13,693	13,225	468	851
Leasehold improvements	53,695	36,838	16,857	22,226
	\$ 125,667	\$ 98,461	\$ 27,206	\$ 36,127

5. 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:

	2019	2018
Deferred contributions - Balance, beginning of year	\$ 12,800	\$ 9,153
Capital assets contributed during the year	-	6,975
Amounts amortized to revenue	(2,562)	(3,328)
Deferred contributions - Balance, end of year	\$ 10,238	\$ 12,800

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

6. NET ASSETS INVESTED IN CAPITAL ASSETS

	2019	2018
Capital assets	\$ 27,206	\$ 36,127
Deferred capital contributions	(10,238)	(12,800)
Net assets - Balance, end of year	\$ 16,968	\$ 23,327

7. RELATED PARTY TRANSACTIONS

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Contributions

During the year, contributions in the amount of \$1,840 (2018 - \$748) were received from members of the board of directors of the Organization.

Interest

During the year, the Organization paid \$494 (2018 - \$NIL) in interest on short-term debt to a member of the board of directors.

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 \$-13600 (2018 - \$250) in contributed services and materials.

8. COMMITMENTS

The estimated minimum annual rental payments for the property, photocopier and vehicle leases in effect at December 31, 2019 are approximately as follows:

2020	\$	98,700
2021		96,108
2022		36,108
2023		6,108
	\$	237,024

9. SUBSEQUENT EVENT

Subsequent to the year end, the emergence of the novel coronavirus and the corresponding emergency measures implemented by the federal and provincial governments had caused the immediate closure of operations. Although an estimate of the likelihood of the potential loss in revenues cannot be made, management believes that the Organization has sufficient reserves to continue as a going concern if the revenue generating activities are unable to be rescheduled during the fiscal year ended 2020.

10. 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, 2019:

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

**CENTRE FOR DEVELOPING RELATIONSHIPS FOR
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

10. FINANCIAL INSTRUMENTS (Continued)

Credit Risk (Continued)

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.

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.