Leadership Waterloo Region

Financial Statements

June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Leadership Waterloo Region:

We have audited the accompanying financial statements of Leadership Waterloo Region which comprise the balance sheet as at June 30, 2014, and the statements of revenue and expenses, changes in fund balances and cash flows for the year ended June 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance 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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 entity'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 entity'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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Leadership Waterloo Region as at June 30, 2014, and the results of its operations and changes in fund balances and its cash flows for the year ended June 30, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

Leonard G. Hobson, CPA, CA, Professional Corporation
Authorized to practice public accounting by Chartered Professional Accountants of Ontario

October 23, 2014

Leadership Waterloo Region

Balance Sheet

As at June 30, 2014

	2014 $	2013 $
Assets		
Current		
Cash	88,186	44,391
Short-term investments – *Note 2*	79,504	78,495
Accounts Receivable	14,153	10,526
Prepaid Expenses	3,399	3,734
	185,242	137,146
Liabilities and Fund Balances		
Current		
Accounts payable, accrued liabilities, and deferred revenue	6,253	8,068
Government remittances payable	2,976	5,248
Deferred contributions – grants – *Note 3*	40,000	-
Deferred program and workshop fees	4,500	1,500
	53,729	14,816
Fund Balances		
Unrestricted	131,513	122,330
	185,242	137,146

Leadership Waterloo Region

Statement of Changes in Fund Balances

Year ended June 30, 2014

	2014 $	2013 $
Balance – beginning of year	122,330	146,635
Excess of revenue over expenses (expenses over revenue)	9,183	(24,305)
Balance – end of year	131,513	122,330

See accompanying notes

Leadership Waterloo Region

Statement of Revenue and Expenses

Year ended June 30, 2014

	2014 $	2013 $
Revenue		
Program Fees	79,700	97,250
Fundraising and donations	87,927	101,644
Fee for Services	6,000	-
Grants	60,783	61,769
Interest	1,009	892
	235,419	261,555
Expenses		
Salaries, benefits and employee development	134,303	176,183
Programming	21,838	24,238
Fundraising and marketing	36,078	41,940
Office	7,473	9,931
Volunteers	2,386	2,502
Bank Charges	2,512	3,256
Rent – *Note 2*	9,464	13,416
Telephone	997	3,119
Professional fees	7,190	7,702
Memberships	1,487	1,426
Insurance	2,508	2,147
	226,236	285,860
Excess of revenue over expenses (expenses over revenue)	**9,183**	**(24,305)**

See accompanying notes

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Statement of Cash Flows

Year ended June 30, 2014

	2014 $	2013 $
Cash flows from operating activities		
Cash receipts from grantors, donors and fundraising	195,360	157,409
Cash receipts from program fees	78,200	87,750
Cash paid to suppliers and employees	(229,765)	(271,328)
Interest received	-	-
Cash flows from operating activities	43,795	(26,169)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net (decrease) increase in cash	43,795	(26,169)
Cash – beginning of year	44,391	70,560
Cash – end of year	**88,186**	**44,391**

See accompanying notes

1 Purpose of the Organization

The objective of Leadership Waterloo Region (the "Organization") is to help prepare participants for the challenges of life-long leadership by building skills and developing awareness for the opportunities for leadership in the Waterloo Region. The Organization was incorporated under the Canada Corporations Act as a non-profit organization and is a registered charity under the Income Tax Act (Canada).

2 Summary of Significant Accounting Policies

The Organization follows Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board. The most significant accounting policies are as follows:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method of accounting, 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.

Program fees are recognized rateably over the period the program operates. Deferred program fees represent fees received prior to commencement of the program for which they relate.

Other revenue is recognized in the period earned.

Capital Assets and Amortization

Expenditures of a capital nature are charged to the statement of revenues and expenses in the year they are incurred. Capital expenditures include computer equipment and software and furniture and fixtures. During the year, the Organization incurred $0 (2013-$1,490) in expenditures of a capital nature.

Contributed Services

Volunteers contribute a significant amount of time each year to assist the Organization in carrying out its mandate. Because of the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

During the year ended June 30, 2014, the Organization recognized $0 (2013- $9,000) in donated office space received. In 2013, the Organization received office space in exchange for program fees for two participants.

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of these financial statements, in conformity with Accounting Standard for Not-For-Profit Organizations, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Financial instruments

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvements, not exceeding the initial carrying value.

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

3 Deferred Grants

Contributions of $40,000 were received prior to June 30, 2014 which relate to the 2014/2015 year have been included in deferred contributions. The amount comprises of a $40,000 Region of Waterloo grant and will be recognized as revenue in the 2014/2015 year when the related expenses are incurred. No contributions were received prior to June 30, 2013 which relate to the 2013/2014 year.

	2014 $	2013 $
Balance, beginning of year	-	5,204
Contributions received	40,000	-
Amounts amortized to revenue	-	5,204
Balance, end of year	40,000	-

During the year ended June 30, 2014, the Organization received grant proceeds of $15,000 from TD Bank to fund the Youth on Board project.

	2014 **$**	**2013** **$**
Balance, beginning of year	-	-
Contributions received	15,000	15,000
Amounts amortized to revenue	(15,000)	(15,000)
Balance, end of year	-	-

4 Financial Risks and Concentration of Credit Risk

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2013.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

5 Capital Disclosures

The Organization’s capital includes its fund balances.

The Organization’s capital management objectives are to ensure stability of its capital so as to support continued operations, ensure the Organization is able to meet its obligations and generate benefit for stakeholders in the community.