

Leadership Waterloo Region

Financial Statements

And Practitioners' Review Report thereon

Year ended June 30, 2022



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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors of Leadership Waterloo Region

We have reviewed the accompanying financial statements of Leadership Waterloo Region, which comprise the statement of financial position as at June 30, 2022, statement of changes in net deficit, statement of operations, statement of cash flows, and notes, comprising 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.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Leadership Waterloo Region as at June 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

November 7, 2022

Leadership Waterloo Region

Statement of Financial Position

As at June 30, 2022, with comparative information 2021

	2022	2021
Assets		
Current		
Cash	\$ 43,374	\$ 28,180
Accounts receivable	8,102	36,306
Prepaid expenses	183	4,747
	<u>\$ 51,659</u>	<u>\$ 69,233</u>
 Liabilities and Net Deficit		
Current		
Accounts payable and accrued liabilities	\$ 25,506	\$ 23,911
Government remittances payable	5,437	4,683
Deferred contributions – <i>Note 3</i>	7,950	6,550
Deferred – government grant CEBA – <i>Note 4</i>	4,327	4,480
	<u>43,220</u>	<u>39,624</u>
Long Term		
Long-term debt – <i>Note 4</i>	<u>55,673</u>	<u>55,520</u>
Total Liabilities	<u>\$ 98,893</u>	<u>\$ 95,144</u>
 Net Deficit		
Net deficit	<u>(47,234)</u>	<u>(25,911)</u>
	<u>\$ 51,659</u>	<u>\$ 69,233</u>

See accompanying notes to the financial statements

Leadership Waterloo Region

Statement of Changes in Net Deficit

As at June 30, 2022, with comparative information 2021

	2022	2021
Net Deficit – beginning of year	\$ (25,911)	\$ (55,891)
Excess (deficiency) of revenue over expenses	(21,323)	29,980
Net Deficit – end of year	<u>\$ (47,234)</u>	<u>\$ (25,911)</u>

See accompanying notes to the financial statements

Leadership Waterloo Region

Statement of Operations

Year ended June 30, 2022, with comparative information 2021

	2022	2021
Revenue		
Program fees	\$ 116,260	\$ 77,290
Fundraising and events	11,948	102,479
Grants	45,000	52,000
Donations and memberships	59,110	19,001
Other operating revenue	5,547	-
Government assistance – <i>Notes 4 and 5</i>	15,419	74,327
	<hr/> 253,284	<hr/> 325,097
Expenses		
Salaries, benefits and employee development	198,716	179,669
Fundraising and events	8,084	56,255
Professional fees	20,755	18,244
Programming	19,984	7,370
Rent	6,496	16,396
Advertising and promotion	4,415	3,822
Office	3,712	3,218
Bank charges	4,529	3,001
Interest expense – <i>Note 4</i>	153	1,953
Insurance	2,448	2,389
Memberships	1,085	630
Board expenses	4,021	1,720
Telephone	209	344
Volunteers	-	106
	<hr/> 274,607	<hr/> 295,117
Excess (deficiency) of revenue over expenses	<hr/> \$ (21,323)	<hr/> \$ 29,980

See accompanying notes to the financial statements

Leadership Waterloo Region

Statement of Cash Flows

Year ended June 30, 2022, with comparative information 2021

	2022	2021
Cash flows from operating activities		
Cash receipts from grantors, donors and fundraising	\$ 126,456	\$ 106,554
Cash receipts from program fees	116,260	77,290
Cash from government assistance	23,259	66,335
Cash paid to suppliers and employees	(250,781)	(252,597)
	<hr/>	<hr/>
Cash flows from operating activities	15,194	(2,418)
Cash flows from financing activities		
Cash receipts from long-term debt	-	20,000
	<hr/>	<hr/>
Net increase in cash	15,194	17,582
Cash – beginning of year	28,180	10,598
	<hr/>	<hr/>
Cash – end of year	\$ 43,374	\$ 28,180

See accompanying notes to the financial statements

Leadership Waterloo Region

Notes to Financial Statements

June 30, 2022

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 financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Handbook Part III- Canadian accounting standards for not-for-profit organizations. The 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 in the period the program operates. Deferred program fees represent fees received prior to commencement of the program for which they relate.

Fundraising and events are recognized when received in the period the fundraising or event occurs.

Unrestricted grants are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Grants with a restricted purpose are recognized in the period in which the related expenses are incurred.

Donations and memberships are recognized when received.

Other revenue is recognized in the period earned.

Capital Assets and Amortization

Expenditures of a capital nature are charged to the statement of operations in the year they are incurred. Capital expenditures include computer equipment and software and furniture and fixtures. During the year, the Organization incurred no expenditures of a capital nature (2021 - \$832).

Leadership Waterloo Region

Notes to Financial Statements

June 30, 2022

2 Summary of Significant Accounting Policies (Continued)

Going Concern

These financial statements have been prepared on a going-concern basis that contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Organization's ability to continue as a going concern is dependent upon the community support received through grants, donations and fundraising receipts.

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.

Use of Estimates

The preparation of these financial statements, 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 instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

Donations – in - Kind

Donated materials contributed to the Organization are recorded at fair market value when provided.

During the year donations-in-kind of \$Nil were included in revenue and expenses under fundraising and events (2021 - \$39,080). Donations-in-kind of \$4,500 (2021 - \$14,400) were included in revenue and expense under donations and memberships and rent expense.

Leadership Waterloo Region

Notes to Financial Statements

June 30, 2022

3 Deferred Contributions

Deferred contributions consist of grants and fundraising receipts received for a specific purpose which are unspent at year end. The changes in deferred contributions during the year are as follows:

	2022	2021
Balance, beginning of year	\$ 6,550	\$ 8,340
Contributions received during the year	6,600	5,200
Amounts recognized as revenue	(5,200)	(6,990)
	<hr/>	<hr/>
Balance, end of year	\$ 7,950	\$ 6,550

4 Long-Term Debt

During the year, the Organization received no additional funds pursuant to the Canada Emergency Business Account (“CEBA”) Loan Program.

	2022	2021
To date, the CEBA Loan Program advanced a total of \$60,000. If the Organization repays the balance of the advance on or before December 31, 2023, this will result in forgiveness of a maximum total of \$20,000 (2021 - \$20,000) of the amount repaid. The possible grant forgiveness of \$20,000 will be recognized in the year the loan stipulations are met. The advance is interest free until December 31, 2023 with no set principal repayments. Unpaid balances as of December 31, 2023 will be converted into a three-year term loan at 5% interest; with monthly interest payments only. Principal and any accrued interest is due by December 31, 2025	\$ 60,000	\$ 60,000
Net of government grant benefit of the below market rate of interest on the loan	(4,327)	(4,480)
	<hr/>	<hr/>
Total	\$ 55,673	\$ 55,520

Interest of \$153 (2021 - \$1,953) relating to long-term debt has been included in interest expense and CEBA government grant of \$153 (2021 - \$1,953) included in government grants.

Leadership Waterloo Region

Notes to Financial Statements

June 30, 2022

5 Financial Risks

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or other price risks arising from these financial instruments.

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.

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. There is no allowance recorded at June 30, 2022 (2021 - \$nil).

The Organization applied and collected the Canada Emergency Wage Subsidy ("CEWS") for employers of \$15,266 (2021 - \$72,374) which is included in government assistance revenue. The subsidy covered the period of July to October 2021.

There have been no significant changes to the above noted risks during the fiscal year.