

DANI: DEVELOPING AND NURTURING INDEPENDENCE

FINANCIAL REPORT

2022

OUR MISSION:

To deliver a full continuum of person-centred services - including social, recreational, employment training, social enterprises and residential - to adults with developmental disabilities, incorporating Jewish practices and traditions; and integrating into the community, and its service networks.



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DANI DEVELOPING AND NURTURING INDEPENDENCE

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of DANI DEVELOPING AND NURTURING INDEPENDENCE

Opinion

We have audited the financial statements of DANI DEVELOPING AND NURTURING INDEPENDENCE (the "Organization"), which comprise the balance sheet as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit Organizations.

Basis for Opinion

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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)



Independent Auditor's Report to the Board of Directors of DANI DEVELOPING AND NURTURING INDEPENDENCE *(continued)*

Auditor's 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 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.

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.

Draft

Richmond Hill, Ontario
June XX, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

DANI DEVELOPING AND NURTURING INDEPENDENCE

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	2022	2021
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents <i>[note 3]</i>	77,490	314,082
Government subsidies receivable <i>[note 11]</i>	—	33,132
Investments <i>[note 4]</i>	977,285	1,209,861
Sales tax recoverable	7,611	20,521
	1,062,386	1,577,596
SECURITY DEPOSIT	17,621	17,621
CAPITAL ASSETS <i>[note 5]</i>	251,733	290,891
	1,331,740	1,886,108
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	69,779	33,319
Rent and utilities payable <i>[note 12]</i>	—	9,642
Government remittances payable	57,320	39,252
Deferred contributions - current portion <i>[note 6]</i>	47,760	87,866
Canada Emergency Business Account loan <i>[note 10]</i>	40,000	—
	214,859	170,079
DEFERRED CONTRIBUTIONS <i>[note 6]</i>	280,151	306,852
CANADA EMERGENCY BUSINESS ACCOUNT LOAN <i>[note 10]</i>	—	40,000
	495,010	516,931
NET ASSETS		
Unrestricted	836,730	1,369,177
	1,331,740	1,886,108

Commitments *[note 8]*

See accompanying notes

On behalf of the Board:



Director

Director

DANI DEVELOPING AND NURTURING INDEPENDENCE

STATEMENT OF OPERATIONS

Year ended December 31, 2022

	2022	2021
	\$	\$
REVENUE		
Program revenue	797,908	607,283
Donations and contributions	662,530	771,631
Amortization of deferred contributions <i>[note 6]</i>	435,007	1,015,556
Social enterprises revenue	277,540	223,578
	2,172,985	2,618,048
EXPENDITURES		
Salaries and benefits	1,611,998	1,252,119
Rental	203,219	191,798
Social enterprises expense	178,504	163,967
Program	175,086	51,107
Professional fees	124,968	144,646
Office and general	115,255	87,261
Utilities	61,183	41,146
Insurance	56,539	37,832
Amortization of capital assets	43,760	43,809
Vehicle	19,233	28,062
Web design and maintenance	16,057	28,135
Bank charges and credit card processing fees	11,878	12,080
Printing and reproduction	6,792	7,882
Advertising and promotion	9,620	6,649
	2,634,092	2,096,493
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	(461,107)	521,555
OTHER INCOME		
Canada Emergency Wage Subsidy <i>[note 11]</i>	61,236	333,987
Canada Emergency Rent Subsidy <i>[note 11]</i>	—	55,689
(Loss) gain in fair value of investments	(132,576)	18,172
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	(532,447)	929,403

See accompanying notes

DANI DEVELOPING AND NURTURING INDEPENDENCE

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2022

	[Unrestricted]	
	2022	2021
	\$	\$
BALANCE, BEGINNING OF YEAR	1,369,177	439,774
Excess of revenue over expenditures for the year	(532,447)	929,403
BALANCE, END OF YEAR	836,730	1,369,177

See accompanying notes

DANI DEVELOPING AND NURTURING INDEPENDENCE

STATEMENT OF CASH FLOWS

Year ended December 31, 2022

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditures for the year	(532,447)	929,403
Items not involving cash		
Amortization of capital assets	43,760	43,809
Loss (gain) in fair value of investments	132,576	(18,172)
	(356,111)	955,040
Change in non-cash working capital balances:		
Government subsidies receivable	33,132	36,113
Sales tax recoverable	12,910	(4,600)
Accounts payable and accrued liabilities	36,460	(15,953)
Rent and utilities payable	(9,642)	(31,305)
Deferred contributions	(66,807)	(70,730)
Government remittances payable	18,068	8,695
Cash (used in) provided by operating activities	(331,990)	877,260
INVESTING ACTIVITIES		
Purchase of capital assets	(4,602)	(72,013)
Purchase of investments	100,000	(1,055,000)
Cash provided by (used in) investing activities	95,398	(1,127,013)
CHANGE IN IN CASH AND CASH EQUIVALENTS	(236,592)	(249,753)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	314,082	563,835
CASH AND CASH EQUIVALENTS - END OF YEAR	77,490	314,082

See accompanying notes

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. PURPOSE OF THE ORGANIZATION

DANI DEVELOPING AND NURTURING INDEPENDENCE (the "Organization") is incorporated under the laws of Ontario. The Organization's mission is to create opportunities for young adults with physical and/or cognitive challenges to participate fully as valued members of the community and to enjoy a meaningful and dignified quality of life. The Organization is a registered Canadian charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as contained in Part III of the Chartered Professional Accountant Canada ("CPAC") Handbook. To the extent Part III of the CPAC Handbook does not address certain matters applicable to the Organization; it will use accounting standards for private enterprises contained in Part II of the CPAC Handbook.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and term deposits with original maturities of 90 days or less.

Revenue recognition

The Organization follows the deferral method of accounting for contributions that include donations and contributions for various activities and programs. 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. Unrestricted donations are recognized as revenue when received since pledges are not legally enforceable claims. Externally restricted contributions are recognized as revenue in the period that the related expenses are incurred.

Deferred capital contributions

Capital contributions for the purpose of acquiring depreciable capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital assets.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in mutual funds that are readily marketable, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at cost or amortized cost includes cash and cash equivalents.

Financial liabilities measured at cost or amortized cost includes accounts payable and accrued liabilities, rent and utilities payable and Canada Emergency Business Account Loan.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Gains or losses resulting from currency transactions are included in the statement of operations.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives using the declining balance method at the following rates:

Motor vehicles	30%
Building improvements	10%
Equipment	20%
Computer equipment	45%

All additions made during the year are amortized at 50% of the above rates.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed materials and services

Volunteers contribute extensive time and effort to assist the Organization in carrying out its activities. Because of the difficulty in determining fair value, contributed materials and services are not recognized in the financial statements.

Measurement uncertainty

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management reviews these estimates periodically and includes useful lives of capital assets and accruals. As adjustments become necessary, they are reported in the period that they become known. Actual results may vary from the current estimates.

Impairment of financial instruments

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The Organization reviews long-lived assets such as capital assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment of the carrying value of the assets exist and the carrying value is greater than the net recoverable value, an impairment loss is recognized to the extent that the fair value is below the carrying value.

Government assistance

Government assistance received toward current expenses, including salaries and rent, is recognized as other income at the time the respective expenses are incurred, provided there is reasonable assurance that the Organization has complied and will continue to comply with all the conditions of the government assistance.

Investments

Investments are stated at fair value as at the date of the financial statements. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. The units of the mutual fund are valued by their respective fund managers based upon values obtained from external sources for the underlying investments.

Investment transactions are recorded as of the trade date. Net realized gains and losses on the sale of investments and unrealized gains and losses in the fair values of investments are recognized in the statement of operations as changes in the fair value of the investments. Interest earned on investments is recorded on an accrual basis. Distributions from mutual funds are recorded when declared by the fund administrator. Transaction costs are expensed as incurred.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2022	2021
	\$	\$
Current account and cash on hand	77,490	314,082

The Organization has an operating line of credit with the Royal Bank of Canada to a maximum amount of \$25,000 bearing interest at prime plus 1.5% and is secured by a personal guarantee of the co-founder and director. As at December 31, 2022, the balance outstanding was \$nil (2021 - \$nil).

4. INVESTMENTS

The investments represent the fair value of the amount invested in RBC Select Conservative Portfolio – Sr. A (RBF461) mutual fund as at December 31, 2022.

5. CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Motor vehicle	132,647	102,192	30,455	43,508
Building improvements	381,629	182,962	198,667	220,733
Equipment	59,060	43,214	15,846	14,351
Computer equipment	26,562	19,797	6,765	12,299
	599,898	348,165	251,733	262,687

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

6. DEFERRED CONTRIBUTIONS

Deferred contributions comprise of:

	Deferred program contributions \$	Deferred capital contributions \$	Azrieli Foundation \$	United Way of Greater Toronto \$	Maxwell Leroy Foundation \$	Ryerson and Scotiabank - VILA contributions \$	Ontario Trillium Foundation Grant \$	Total \$
Balance, December 31, 2020	—	145,847	165,000	41,578	113,023	—	—	465,448
Externally restricted contributions	—	10,000	270,000	—	44,000	349,826	135,000	808,826
Internally restricted contributions	136,000	—	—	—	—	—	—	136,000
Less: transferred to revenue	(136,000)	(13,645)	(435,000)	(7,074)	(28,436)	(299,826)	(95,575)	(1,015,556)
Balance, December 31, 2021	—	142,202	—	34,504	128,587	50,000	39,425	394,718
Externally restricted contributions	—	—	150,000	—	—	135,200	15,000	300,200
Internally restricted contributions	68,000	—	—	—	—	—	—	68,000
Less: transferred to revenue	(68,000)	(12,102)	(150,000)	(6,366)	(14,409)	(163,900)	(20,230)	(435,007)
Balance, December 31, 2022	—	130,100	—	28,138	114,178	21,300	34,195	327,911

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

6. DEFERRED CONTRIBUTIONS (continued)

The balance has been classified as follows:

	2022	2021
	\$	\$
Current	47,760	87,866
Non-current	280,151	306,852
	327,911	394,718

Deferred program contributions represent unspent externally and internally restricted grants and donations received for the Bridges to Transition program.

Deferred capital contributions represent unamortized amount of contributions received for the purchase/construction of capital assets.

The United Way of Greater Toronto (the “Foundation”) Grant relates to restricted amounts for the Greenhouse Retrofitting, to be carried out in accordance with the terms of the agreement. To date, DANI received the total grant amount of \$17,500 from the Foundation for the Greenhouse Retrofitting. Additionally, DANI received \$50,000 to date for the purposes of addressing social issues caused by COVID-19 by reconfiguring spaces to create safe program spaces for adults with disabilities as well as receiving virtual recreational and social programs. Amortization of the deferred contributions is recorded on the same basis as eligible expenses are incurred. The contributions from the Foundation are subject to fulfillment of certain conditions and commitments and eligibility criteria provided for in the agreement. In the event of default, the Foundation has the right to suspend or terminate any obligations and require DANI to repay all or part of the funds received.

The Maxwell and Leroy Foundation (the “Foundation”) Grant for 2021 relates to restricted amounts for the purchase of a vehicle and equipment, to be carried out in accordance with the terms of the agreement. To date, DANI received the total grant amount of \$156,000 from the Foundation. Amortization of the deferred contributions is recorded on the same basis as eligible expenses are incurred. The contributions from the Foundation are subject to fulfillment of certain conditions and commitments and eligibility criteria provided for in the agreement. In the event of default, the Foundation has the right to suspend or terminate any obligations and require DANI to repay all or part of the funds received.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

6. DEFERRED CONTRIBUTIONS (continued)

The Azrieli Foundation (the “Foundation”) Grants relate to restricted amounts for a) the lease on 401 Magnetic Dr. and b) undertaking renovations to its existing Clark Avenue West location to be carried out in accordance with the terms of the agreements. The total amount of grant to be received is \$600,000 in three payments as follows: first payment of \$180,000 to be paid on or before December 1, 2020, the second payment of \$270,000 to be paid on or before September 1, 2021 and the third payment of \$150,000 to be paid on or before September 1, 2022. To date, DANI has received \$600,000 from the Foundation. Amortization of the deferred contributions is recorded on the same basis as eligible expenses are incurred. The contributions from the Foundation are subject to fulfillment of certain conditions and commitments and eligibility criteria provided for in the agreement. In the event of default, the Foundation has the right to suspend or terminate any obligations and require DANI to repay all or part of the funds received. This grant has been fully utilized in the fiscal year ended December 31, 2022.

Ryerson University (“Ryerson”) Grant set up a Virtual Inclusive Learning Academy (“VILA”), which is a comprehensive robust educational and social virtual hub which provides life skills, academic, job training and work opportunities to adults with physical or cognitive challenges. Under the agreement, the Organization will receive funding of up to \$428,000 for eligible expenses by March 31, 2023. The total amount of grant to be received is \$428,000 in three payments as follows: first payment of \$300,000 was paid on March 2, 2021, the second payment of \$85,200 to be paid on May 5, 2022 and the third payment of \$42,800 to be paid on upon completion of the Project and Ryerson’s receipt of the final activity report and final audited financial report. To date, DANI has received \$385,200 from Ryerson. Scotiabank has also donated \$50,000 for the VILA project in the fiscal years ended December 31, 2021 and 2022. Amortization of the deferred contributions is recorded on the same basis as eligible expenses are incurred. The contributions from the Foundation and Scotiabank are subject to fulfillment of certain conditions and commitments and eligibility criteria provided for in the respective grant agreements. In the event of default, the donors have the right to suspend or terminate any obligations and require DANI to repay all or part of the funds received.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

6. DEFERRED CONTRIBUTIONS (continued)

The Ontario Trillium Foundation (the “Foundation”) Grants relate to restricted amounts for a) rebuilding and recovering from impacts of COVID-19 by hiring two program Support Workers, purchasing art supplies, covering rent and utilities costs and b) installing temporary dividing walls and additional lighting plexiglass dividers, workstations, sanitization stations, and are to be carried out in accordance with the terms of the agreements. The total amount of grants to be received is \$150,000 in three payments as follows: \$75,000 received on April 20, 2021, \$60,000 received on October 16, 2021 and \$15,000 to be received on June 8, 2022. To date, DANI has received \$150,000 from the Foundation. Amortization of the deferred contributions is recorded on the same basis as eligible expenses are incurred. The contributions from the Foundation are subject to fulfillment of certain conditions and commitments and eligibility criteria provided for in the agreement. In the event of default, the Foundation has the right to suspend or terminate any obligations and require DANI to repay all or part of the funds received.

7. RELATED PARTY TRANSACTIONS

Transactions between the Organization and the board members are considered to be related party transactions. These transactions are 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.

There were no related party transactions during the year.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

8. COMMITMENTS

The Organization has the following lease commitments:

- (a) The Organization has a long-term lease with respect to its premises on Clark Avenue West. The lease term is for a five-year period commencing April 2014 to May 2018, with an option to renew for two additional five-year periods at the discretion of the City. The City has extended the lease for an additional five-year term and will now expire in May 2028. The rent obligation is subject to a 2% annual rent increase.
- (b) The Organization has a long-term lease with respect to its premises on 401 Magnetic Drive. The lease term is for a seven-year period commencing August 2020 to July 31, 2028. The rent obligation is subject to a 2% annual rent increase.

The total future minimum lease payments as at December 31, 2022 are as follows:

	\$
2023	171,440
2024	195,699
2025	200,128
2026	204,592
2027	209,092
Thereafter	82,903
Total	1,063,854

9. ACCOUNTS PAYABLE - NON-CURRENT

The Organization has been reassessed by the City of Vaughan and is required to pay utilities for 2017 and onward. The City of Vaughan has given the Organization 60 months to pay its 2017 obligation in equal monthly instalments of \$536. During fiscal 2022, the remaining outstanding amount was paid off.

10. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

The Organization obtained a \$60,000 loan under the Canada Emergency Business Account (“CEBA”) Program. If the Organization repays \$40,000 by December 31, 2023, the \$20,000 balance will be forgiven. Otherwise, an interest rate of 5% will apply to the balance, which will be repayable in 36 monthly blended instalments [December 31, 2025]. Since there is reasonable assurance that the Organization will repay \$40,000 by December 31, 2023, the Organization recognized \$20,000 in net income when the loan was granted, which was presented as forgivable portion of CEBA loan in the fiscal year ended December 31, 2020.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

11. GOVERNMENT ASSISTANCE

The Government of Canada announced the Canada Emergency Wage Subsidy (“CEWS”) as well as the Canada Emergency Rent Subsidy (“CERS”) for Canadian organizations whose operations were affected by the COVID-19 pandemic. The CEWS provides a subsidy towards eligible employees’ remuneration, subject to certain criteria and CERS provides a subsidy towards rent, subject to certain criteria. Accordingly, the Organization applied for the CEWS and CERS to the extent it met the requirements to receive the subsidies during the year ended December 31, 2022 and recognized \$61,236 (2021 –\$333,987) and \$nil (2021 – \$55,689) in the statement of operations as other income as CEWS and CERS, respectively. Also, the CERS receivable and CEWS receivable as at December 31, 2022 of \$nil (2021 - \$nil) and \$nil (2021 - \$33,132) respectively has been recorded as government subsidies receivable in the balance sheet, which has been subsequently received.

12. RENT AND UTILITIES PAYABLE

Due to the disruption of the COVID-19 crisis, the Organization's rent and utilities payment for the months of April, May, June and July 2020 to the City of Vaughan were deferred and were to be paid in 12 equal monthly instalments from January to December 2021. The entire balance of \$9,642 pertaining to utilities payable was paid off in 2022.

13. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization’s risk exposure at the balance sheet date, December 31, 2022:

Credit Risk

Credit risk is the risk of a loss if counterparty to a financial instrument fails to meet its contractual obligations. The Organization is exposed to credit risk primarily from its cash and cash equivalents and accounts receivable balances. The Organization manages its risk from cash balances by maintaining its accounts with credit worthy financial institutions. The Organization does not believe there is significant credit risk with respect to the accounts receivable as it relates to a government grant.

DANI DEVELOPING AND NURTURING INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

13. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with the settlement of its financial liabilities. The Organization is exposed to this risk mainly in respect of its long-term loan and accounts payable and accrued liabilities. The Organization manages its risk by regularly monitoring its cash flow requirements.

Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is not exposed to interest rate risk as it does not have any significant interest-bearing financial instruments.

Currency Risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of the exchange rates and the degree of volatility of these rates. The Organization is exposed to the currency exchange risk on its cash balance. As at December 31, 2022, the Organization had cash of \$11,749 (2021 – \$18,165) in U.S. dollars. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization is exposed to other price risk through its investments in a mutual fund for which the fair value fluctuates based on quoted market price.

14. CAPITAL MANAGEMENT

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2022, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.