

**Durham Association for  
Family Resources and Support  
Financial Statements**  
For the year ended March 31, 2020

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## Independent Auditor's Report

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To the Members of Durham Association for Family Resources and Support

### Qualified Opinion

We have audited the accompanying financial statements of Durham Association for Family Resources and Support (the "Association"), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, operations 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, 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.

### Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 Association 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 audit opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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



## 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 Association'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 Association'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 Association 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario  
June 18, 2020

**Durham Association for Family Resources and Support**  
**Statement of Financial Position**

**March 31** **2020** **2019**

**Assets**

**Current**

Cash	\$ 475,254	967,663
Short-term investments (Note 2)	1,290,700	855,970
Accounts receivable	274,791	336,005
Prepaid expenses	59,840	45,567
	2,100,585	2,205,205

Capital assets (Note 3)	253,970	255,434
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Funds held in trust	581,076	935,905
	\$ 2,935,631	\$ 3,396,544

**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 402,521	\$ 549,602
Deferred revenue	8,261	53,140
	410,782	602,742

Deferred contributions related to capital assets (Note 4)	125,247	131,839
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Funds held in trust	581,076	935,905
	1,117,105	1,670,486

**Net assets**

General fund	1,639,803	1,552,463
Capital reserve fund	50,000	50,000
Invested in capital assets	128,723	123,595
	1,818,526	1,726,058

	\$ 2,935,631	\$ 3,396,544
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On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Durham Association for Family Resources and Support**  
**Statement of Changes in Net Assets**

<b>For the year ended March 31</b>	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Invested in Capital Assets</b>	<b>2020</b>	<b>2019</b>
<b>Balance, beginning of year</b>	<b>\$ 1,552,463</b>	<b>\$ 50,000</b>	<b>\$ 123,595</b>	<b>\$ 1,726,058</b>	<b>\$ 1,362,196</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>106,913</b>	<b>-</b>	<b>(14,445)</b>	<b>92,468</b>	<b>363,862</b>
<b>Interfund transfers</b>	<b>(19,573)</b>	<b>-</b>	<b>19,573</b>	<b>-</b>	<b>-</b>
<b>Balance, end of year</b>	<b>\$ 1,639,803</b>	<b>\$ 50,000</b>	<b>\$ 128,723</b>	<b>\$ 1,818,526</b>	<b>\$ 1,726,058</b>

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

## Durham Association for Family Resources and Support Statement of Operations

For the year ended March 31	2020	2019
<b>Revenue</b>		
Ministry of Children, Community and Social Services - subsidy	\$ 7,369,295	\$ 7,880,944
Federal grants	13,213	9,214
Fees for service	553,943	533,072
Donations and fundraising	1,532	1,525
Interest and investment income (loss)	(65,270)	18,692
Other revenue	126,435	9,123
Amortization of deferred contributions	6,592	6,939
	<b>8,005,740</b>	<b>8,459,509</b>
<b>Expenses</b>		
Amortization	21,037	16,578
Audit	13,740	15,882
Bank charges	3,976	4,390
Employee benefits	342,042	285,447
Food	8,843	7,958
Insurance	14,914	13,455
Office supplies, sundry	139,217	118,886
Other purchased services	183,052	214,624
Rent	172,130	162,766
Repairs and maintenance	31,877	35,610
Respite support	5,294,770	5,732,418
Salaries	1,610,144	1,390,970
Staff training	10,152	30,409
Telephone	16,227	15,139
Travel	44,532	41,851
Utilities	3,756	5,172
Volunteer training	2,863	4,092
	<b>7,913,272</b>	<b>8,095,647</b>
<b>Excess of revenue over expenses</b>	<b>\$ 92,468</b>	<b>\$ 363,862</b>

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

## Durham Association for Family Resources and Support Statement of Cash Flows

For the year ended March 31	2020	2019
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 92,468	\$ 363,862
Items not affecting cash		
Amortization	21,037	16,578
Increase (decrease) in unrealized loss on investments	76,402	(8,660)
Amortization of deferred contributions	(6,592)	(6,939)
	<u>183,315</u>	364,841
Changes in non-cash working capital balances		
Accounts receivable	61,214	(9,948)
Prepaid expenses	(14,273)	2,341
Accounts payable and accrued liabilities	(147,081)	243,710
Deferred revenue	(44,879)	(98,946)
	<u>38,296</u>	501,998
<b>Investing activities</b>		
Purchase of capital assets	(19,573)	(37,034)
Purchase of investments	(511,132)	(10,032)
	<u>(530,705)</u>	(47,066)
<b>Net change</b>	(492,409)	454,932
<b>Cash, beginning of year</b>	<u>967,663</u>	512,731
<b>Cash, end of year</b>	<u>\$ 475,254</u>	<u>\$ 967,663</u>

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

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# Durham Association for Family Resources and Support

## Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies

#### Nature and Purpose of Association

The Durham Association for Family Resources and Support (the "Association"), formerly Durham Association for Family Respite Services, is a not-for-profit Canadian charity which provides individualized, flexible family support. The flexible family support arrangement includes respite support within a range of respite opportunities including access to the Adult Respite Home for both children and adults.

The Association is a registered charity, and, as such, is exempt from income tax and may issue income tax receipts to donors.

#### Basis of Presentation

These financial statements are prepared using Canadian accounting standards for not-for-profit organizations.

#### Revenue Recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue of the General Fund when earned except as restricted by determination of the Board of Directors.

The General Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources. Revenue is recognized when the related services are provided and collection is reasonably assured.

The Capital Asset Fund reports the assets, liabilities, revenue and expenditures related to the Association's capital assets.

#### Contributed Services

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

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# Durham Association for Family Resources and Support

## Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies (continued)

<b>Capital Assets</b>	Capital assets are recorded at cost. Amortization based on the estimated useful life of the assets will be as follows:  Building - 5% diminishing balance basis Leasehold improvements - 10% straight-line basis Computer hardware - 33 1/3% straight-line basis Computer software - 50% straight-line basis Furniture and equipment - 20% straight-line basis
<b>Use of Estimates</b>	The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates and judgments used in the preparation of these financial statements are the determination of the accrued liabilities, the estimated useful life of capital assets and the determination of any impairment in capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.
<b>Financial Instruments</b>	Financial instruments are recorded at fair value at initial recognition.  In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.  Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.
<b>Net Assets Internally Restricted</b>	A portion of the Association's net assets have been restricted as approved by the Board of Directors. Transfers among net asset classes are recorded when approved by the Board of Directors. This capital reserve fund was established to set aside funds to protect against short-term deficiencies in working capital.

**Durham Association for Family Resources and Support**  
**Notes to Financial Statements**

**March 31, 2020**

**2. Short-term Investments**

Short-term investments are comprised of non-registered fixed income and equity funds.

**3. Capital Assets**

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 87,900	\$ -	\$ 87,900	\$ -
Building	252,889	131,994	252,889	125,631
Leasehold improvements	122,526	105,386	118,248	103,634
Computer hardware	85,766	69,571	74,394	59,592
Computer software	18,063	18,063	18,063	18,063
Furniture and equipment	111,168	99,328	107,245	96,385
	<b>\$ 678,312</b>	<b>\$ 424,342</b>	<b>\$ 658,739</b>	<b>\$ 403,305</b>
Cost less accumulated amortization		<b>\$ 253,970</b>		<b>\$ 255,434</b>

**4. Deferred Contributions Related to Capital Assets**

The deferred contributions related to capital assets consist of the unamortized balance of grants received for the purchase of capital assets. The deferred contributions are amortized on the same basis as the related capital asset.

	2020		2019	
Balance, beginning of year	\$ 131,839		\$ 138,778	
Less: Amounts amortized to revenue		<b>(6,592)</b>		<b>(6,939)</b>
Balance, end of year	<b>\$ 125,247</b>		<b>\$ 131,839</b>	

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# Durham Association for Family Resources and Support

## Notes to Financial Statements

March 31, 2020

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### 5. Commitments

The Association has entered into an operating lease for its premises, including estimated common area costs, at \$15,522 per month until August 2021, \$16,212 per month until August 2024, \$16,901 per month until August 2026 and \$17,591 until August 2028.

The minimum annual lease payments for the next five years and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 186,269
2022	191,095
2023	194,542
2024	194,542
2025	199,368
Thereafter	709,498
	<u>\$ 1,675,314</u>

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### 6. Economic Dependence

The organization has contribution arrangements with the Ministry of Children, Community and Social Services to provide funds to administer operations and provide services. These contributions constitute 92% (2019 - 93%) of the organization's total revenue and, as such, its ability to continue viable operations is dependent upon maintaining these funding arrangements.

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### 7. Financial Instrument Risks

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) pandemic resulting in economic uncertainties impacting the Association's risks. At this time, the full potential impact of COVID-19 on the Association is not known.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Association has three entities that comprised 55% of total accounts receivable (2019 - three entities that comprised 44%).

All of the Association's cash and investments are held by a major financial institution and a major investment broker respectively.

There have not been any changes in the risk from the prior year.

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# Durham Association for Family Resources and Support

## Notes to Financial Statements

March 31, 2020

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### 7. Financial Instrument Risks (continued)

#### Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities. The Association continues to focus on maintaining adequate liquidity to meet operating working capital requirements.

There have not been any changes in the risk from the prior year.

#### Market Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. The Association is exposed to fluctuations in bond and equity markets on its short-term investments.

As a result of the COVID-19 pandemic, and the global economic uncertainty it has given rise to, there has been significant volatility in the global and domestic equity markets subsequent to year end. Accordingly, the overall downturn in equity markets since year end may have a negative impact on the fair value of the Association's investments.

There have not been any changes in the risk from the prior year.

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### 8. Uncertainties Relating to COVID-19 Pandemic

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. A number of the Association's projects have been delayed to the next fiscal year due to COVID-19. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to the Association and the related financial impact cannot be reasonably estimated at this time. The Association's ability to continue to provide support services and programs, and meet lease and other obligations as they come due is dependent on the continued ability to generate cash flows, including continued funding for its programs from the provincial government or other sources.