

Durham Association for
Family Resources and Support
Financial Statements
For the year ended March 31, 2021

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Independent Auditor's Report

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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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 21, 2021

Durham Association for Family Resources and Support
Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash	\$ 405,621	1,056,330
Short-term investments (Note 2)	2,013,894	1,290,700
Accounts receivable	448,053	274,791
Prepaid expenses	119,063	59,840
Assets held for sale (Note 8)	1	-
	<u>2,986,632</u>	<u>2,681,661</u>
Capital assets (Note 3)	<u>52,117</u>	<u>253,970</u>
	<u>\$ 3,038,749</u>	<u>\$ 2,935,631</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 434,605	\$ 402,521
Deferred revenue	53,517	8,261
Funds held in trust	<u>583,708</u>	<u>581,076</u>
	1,071,830	991,858
Deferred contributions related to capital assets (Notes 5 and 8)	<u>-</u>	<u>125,247</u>
	<u>1,071,830</u>	<u>1,117,105</u>
Net assets		
General fund	1,864,802	1,639,803
Capital reserve fund	50,000	50,000
Invested in capital assets	<u>52,117</u>	<u>128,723</u>
	<u>1,966,919</u>	<u>1,818,526</u>
	<u>\$ 3,038,749</u>	<u>\$ 2,935,631</u>

On behalf of the Board:

_____ Director

_____ Director

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

For the year ended March 31	General Fund	Capital Reserve Fund	Invested in Capital Assets	2021	2020
Balance, beginning of year	\$ 1,639,803	\$ 50,000	\$ 128,723	\$ 1,818,526	\$ 1,726,058
Excess (deficiency) of revenue over expenses	249,586	-	(101,193)	148,393	92,468
Interfund transfers	(24,587)	-	24,587	-	-
Balance, end of year	\$ 1,864,802	\$ 50,000	\$ 52,117	\$ 1,966,919	\$ 1,818,526

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	2021	2020
Revenue		
Ministry of Children, Community and Social Services - subsidy	\$ 7,569,008	\$ 7,369,295
Federal grants (Note 11)	104,350	13,213
Fees for service	382,639	553,943
Donations and fundraising	2,694	1,532
Interest and investment income (loss)	223,714	(65,270)
Other revenue	12,999	126,435
Amortization of deferred contributions	6,262	6,592
	<u>8,301,666</u>	<u>8,005,740</u>
Expenses		
Advertising	4,572	1,079
Amortization	23,689	21,037
Audit	14,819	13,740
Bank charges	5,277	3,976
Employee benefits	330,874	342,042
Food	-	8,843
Insurance	18,281	14,914
Office supplies, sundry	180,389	139,217
Other purchased services	206,128	183,052
Rent	180,874	172,130
Repairs and maintenance	31,546	31,877
Respite support	5,509,101	5,294,770
Salaries	1,512,810	1,610,144
Staff training	7,290	10,152
Telephone	28,098	16,227
Travel	12,777	44,532
Utilities	2,982	3,756
Volunteer training	-	1,784
	<u>8,069,507</u>	<u>7,913,272</u>
Excess of revenue over expenses before other item	232,159	92,468
Net loss on assets held for sale (Note 8)	<u>83,766</u>	-
Excess of revenue over expenses	<u>\$ 148,393</u>	<u>\$ 92,468</u>

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	2021	2020
Operating activities		
Excess of revenue over expenses	\$ 148,393	\$ 92,468
Items not affecting cash		
Amortization	23,689	21,037
Unrealized loss (gain) on investments	(197,692)	76,402
Net loss on assets held for sale	83,766	-
Amortization of deferred contributions	(6,262)	(6,592)
	51,894	183,315
Changes in non-cash working capital balances		
Accounts receivable	(173,262)	61,214
Prepaid expenses	(59,223)	(14,273)
Accounts payable and accrued liabilities	32,084	(147,081)
Deferred revenue	45,256	(44,879)
	(103,251)	38,296
Investing activities		
Purchase of capital assets	(24,588)	(19,573)
Purchase of investments	(525,502)	(511,132)
	(550,090)	(530,705)
Financing activity		
Decrease of funds held in trust	2,632	(354,829)
Net change	(650,709)	(847,238)
Cash, beginning of year	1,056,330	1,903,568
Cash, end of year	\$ 405,621	\$ 1,056,330

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

Durham Association for Family Resources and Support

Notes to Financial Statements

March 31, 2021

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.

Durham Association for Family Resources and Support
Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Capital Assets	<p>Capital assets are recorded at cost. Amortization based on the estimated useful life of the assets will be as follows:</p> <table><tr><td>Building</td><td>- 5% diminishing balance basis</td></tr><tr><td>Leasehold improvements</td><td>- 10% straight-line basis</td></tr><tr><td>Computer hardware</td><td>- 33 1/3% straight-line basis</td></tr><tr><td>Computer software</td><td>- 50% straight-line basis</td></tr><tr><td>Furniture and equipment</td><td>- 20% straight-line basis</td></tr></table>	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
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										
Use of Estimates	<p>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.</p>										
Financial Instruments	<p>Financial instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>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.</p>										
Net Assets Internally Restricted	<p>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.</p>										

Durham Association for Family Resources and Support
Notes to Financial Statements

March 31, 2021

2. Short-term Investments

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

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land (Note 8)	\$ -	\$ -	\$ 87,900	\$ -
Building (Note 8)	-	-	252,889	131,994
Leasehold improvements	122,526	107,352	122,526	105,386
Computer hardware	105,065	81,385	85,766	69,571
Computer software	18,063	18,063	18,063	18,063
Furniture and equipment	116,454	103,191	111,168	99,328
	<u>\$ 362,108</u>	<u>\$ 309,991</u>	<u>\$ 678,312</u>	<u>\$ 424,342</u>
Cost less accumulated amortization		<u>\$ 52,117</u>		<u>\$ 253,970</u>

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable relating to payroll of \$15,389 (2020 - \$13,256).

5. 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.

	2021	2020
Balance, beginning of year	\$ 125,247	\$ 131,839
Less: Write off on assets held for sale (Note 8)	(118,985)	-
Less: Amounts amortized to revenue	(6,262)	(6,592)
Balance, end of year	<u>\$ -</u>	<u>\$ 125,247</u>

Durham Association for Family Resources and Support
Notes to Financial Statements

March 31, 2021

6. 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>
2022	\$ 191,095
2023	194,542
2024	194,542
2025	199,368
2026	202,815
Thereafter	<u>506,683</u>
	<u>\$ 1,489,045</u>

7. 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 91% (2019 - 92%) of the organization's total revenue and, as such, its ability to continue viable operations is dependent upon maintaining these funding arrangements.

8. Assets Held for Sale

The Association has operated an adult respite home ("ARH") in prior years. The Association suspended operation of the ARH in March 2020 as a result of the COVID-19 Pandemic and does not consider the related assets, including the land and building, as part of its current service undertaking. The Ministry of Children, Community and Social Services ("MCCSS") has agreed to transfer the operational funding for the ARH to Community Living Oshawa/Clarington (the "Buyer"). At the request of MCCSS, the Association will sell the property to the Buyer for \$1 and the Buyer will assume the ongoing expenses and obligations of operating a respite house at the property.

The transaction was approved by the Association's Board of Directors during the year and was completed subsequent to year-end on April 15, 2021.

As a result of the above transaction, the assets related to the transfer, including the land and building have been written down to \$1, resulting in a loss on transfer of property of \$202,751. The unamortized deferred contributions related to these capital assets of \$118,985 has been recognized as revenues for the year. The net impact from this transaction of \$83,766 has been recorded as net loss on assets held for sale on the Statement of Operations.

Durham Association for Family Resources and Support

Notes to Financial Statements

March 31, 2021

9. Financial Instrument Risks

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 one entity that comprised 49% of total accounts receivable (2020 - three entities that comprised 55%).

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

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.

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.

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

10. Comparative Figures

The comparative figures presented in the financial statements have been reclassified to conform with the current year's presentation.

Durham Association for Family Resources and Support
Notes to Financial Statements

March 31, 2021

11. 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.

During the year, the Association received Temporary Wage Subsidy ("TWS") of \$25,000 as a result of the impact of the COVID-19 pandemic on the Association's operations. These subsidies have been recognized as revenues on the Statement of Operations under federal grants.