

Durham Association for  
Family Resources and Support  
Financial Statements  
For the year ended March 31, 2022

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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, 2022, 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, 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.

### 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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 27, 2022

Durham Association for Family Resources and Support  
Statement of Financial Position

| March 31                        | 2022         | 2021         |
|---------------------------------|--------------|--------------|
| <b>Assets</b>                   |              |              |
| Current                         |              |              |
| Cash                            | \$ 922,783   | 405,621      |
| Short-term investments (Note 2) | 2,043,853    | 2,013,894    |
| Accounts receivable             | 301,422      | 448,053      |
| Prepaid expenses                | 33,868       | 119,063      |
| Assets held for sale (Note 7)   | -            | 1            |
|                                 | 3,301,926    | 2,986,632    |
| Capital assets (Note 3)         | 50,207       | 52,117       |
|                                 | \$ 3,352,133 | \$ 3,038,749 |

**Liabilities and Net Assets**

|   |              |              |
|---|--------------|--------------|
| Current   |              |              |
| Accounts payable and accrued liabilities (Note 4) | \$ 694,394   | \$ 434,605   |
| Deferred revenue                                  | 7,805        | 53,517       |
| Funds held in trust                               | 640,667      | 583,708      |
|   | 1,342,866    | 1,071,830    |
| Net assets  |              |              |
| General fund                                      | 1,909,060    | 1,864,802    |
| Capital reserve fund                              | 50,000       | 50,000       |
| Invested in capital assets                        | 50,207       | 52,117       |
|   | 2,009,267    | 1,966,919    |
|   | \$ 3,352,133 | \$ 3,038,749 |

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

| For the year ended March 31                  | General<br>Fund | Capital<br>Reserve<br>Fund | Invested<br>in Capital<br>Assets | 2022         | 2021         |
|--|-----------------|----------------------------|----------------------------------|--------------|--------------|
| Balance, beginning of year                   | \$ 1,864,802    | \$ 50,000                  | \$ 52,117                        | \$ 1,966,919 | \$ 1,818,526 |
| Excess (deficiency) of revenue over expenses | 64,018          | -                          | (21,670)                         | 42,348       | 148,393      |
| Interfund transfers                          | (19,760)        | -                          | 19,760                           | -            | -            |
| Balance, end of year                         | \$ 1,909,060    | \$ 50,000                  | \$ 50,207                        | \$ 2,009,267 | \$ 1,966,919 |

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                                   | 2022             | 2021              |
|---|------------------|-------------------|
| <b>Revenue</b>  |                  |                   |
| Ministry of Children, Community and Social Services - subsidy | \$ 8,731,469     | \$ 7,569,008      |
| Federal grants (Note 9)                                       | 150,040          | 104,350           |
| Fees for service  | 463,206          | 382,639           |
| Donations and fundraising                                     | 11,804           | 2,694             |
| Interest and investment income                                | 29,959           | 223,714           |
| Other revenue   | 4,600            | 12,999            |
| Amortization of deferred contributions                        | -                | 6,262             |
|   | <u>9,391,078</u> | <u>8,301,666</u>  |
| <b>Expenses</b>   |                  |                   |
| Advertising   | 203              | 4,572             |
| Amortization  | 21,670           | 23,689            |
| Audit   | 18,488           | 14,819            |
| Bank charges  | 5,178            | 5,277             |
| Employee benefits   | 360,713          | 330,874           |
| Individual/Family support                                     | 6,719,569        | 5,509,101         |
| Insurance   | 17,336           | 18,281            |
| Office supplies, sundry                                       | 169,584          | 180,389           |
| Other purchased services                                      | 280,129          | 206,128           |
| Rent  | 182,493          | 180,874           |
| Repairs and maintenance                                       | 21,395           | 31,546            |
| Salaries  | 1,512,592        | 1,512,810         |
| Staff training  | 15,081           | 7,290             |
| Telephone   | 13,584           | 28,098            |
| Travel  | 10,329           | 12,777            |
| Utilities   | 386              | 2,982             |
|   | <u>9,348,730</u> | <u>8,069,507</u>  |
| Excess of revenue over expenses before other item             | 42,348           | 232,159           |
| Net loss on assets held for sale (Note 7)                     | -                | 83,766            |
| <b>Excess of revenue over expenses</b>                        | <u>\$ 42,348</u> | <u>\$ 148,393</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                  | 2022              | 2021              |
|--|-------------------|-------------------|
| Operating activities                         |                   |                   |
| Excess of revenue over expenses              | \$ 42,348         | \$ 148,393        |
| Items not affecting cash                     |                   |                   |
| Amortization                                 | 21,670            | 23,689            |
| Unrealized loss (gain) on investments        | 2,273             | (197,692)         |
| Net loss on assets held for sale             | -                 | 83,766            |
| Amortization of deferred contributions       | -                 | (6,262)           |
|  | <u>66,291</u>     | <u>51,894</u>     |
| Changes in non-cash working capital balances |                   |                   |
| Accounts receivable                          | 146,631           | (173,262)         |
| Prepaid expenses                             | 85,195            | (59,223)          |
| Accounts payable and accrued liabilities     | 259,789           | 32,084            |
| Deferred revenue                             | (45,712)          | 45,256            |
|  | <u>512,194</u>    | <u>(103,251)</u>  |
| Investing activities                         |                   |                   |
| Proceeds on assets held for sale (Note 7)    | 1                 | -                 |
| Purchase of capital assets                   | (19,760)          | (24,588)          |
| Purchase of investments (net)                | (32,232)          | (525,502)         |
|  | <u>(51,991)</u>   | <u>(550,090)</u>  |
| Financing activity                           |                   |                   |
| Decrease of funds held in trust              | <u>56,959</u>     | <u>2,632</u>      |
| Net change                                   | 517,162           | (650,709)         |
| Cash, beginning of year                      | <u>405,621</u>    | <u>1,056,330</u>  |
| Cash, end of year                            | <u>\$ 922,783</u> | <u>\$ 405,621</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, 2022

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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.

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, 2022

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### 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> <ul style="list-style-type: none"><li>Leasehold improvements - 10% straight-line basis</li><li>Computer hardware - 33 1/3% straight-line basis</li><li>Computer software - 50% straight-line basis</li><li>Furniture and equipment - 20% straight-line basis</li></ul>  |
| 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, 2022

2. Short-term Investments

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

3. Capital Assets

|                                       | 2022              |                             | 2021              |                             |
|---------------------------------------|-------------------|-----------------------------|-------------------|-----------------------------|
|                                       | Cost              | Accumulated<br>Amortization | Cost              | Accumulated<br>Amortization |
| Leasehold improvements                | \$ 122,526        | \$ 109,318                  | \$ 122,526        | \$ 107,352                  |
| Computer hardware                     | 110,222           | 83,352                      | 105,065           | 81,385                      |
| Computer software                     | -                 | -                           | 18,063            | 18,063                      |
| Furniture and equipment               | 114,178           | 104,049                     | 116,454           | 103,191                     |
|                                       | <u>\$ 346,926</u> | <u>\$ 296,719</u>           | <u>\$ 362,108</u> | <u>\$ 309,991</u>           |
| Cost less accumulated<br>amortization |                   | <u>\$ 50,207</u>            |                   | <u>\$ 52,117</u>            |

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable relating to payroll of \$6,645 (2021 - \$15,389). Also included is an amount payable to the Ministry of Children, Community and Social Services ("MCCSS") of \$228,065 (2021 - \$Nil) relating to the estimated unused portion of provincial Temporary Wage Enhancement funding. A reconciliation for the 2022 fiscal year will be filed with the MCCSS upon finalization of the accounts. Any additional adjustments required to be made to funding received will be reflected in the year that the adjustment is determined.

5. Commitments

The Association has entered into an operating lease for its premises, including estimated common area costs, at \$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>       |
|-------------|---------------------|
| 2023        | \$ 194,542          |
| 2024        | 194,542             |
| 2025        | 199,368             |
| 2026        | 202,815             |
| 2027        | 207,641             |
| Thereafter  | 299,042             |
|             | <u>\$ 1,297,950</u> |

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# Durham Association for Family Resources and Support

## Notes to Financial Statements

March 31, 2022

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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 93% (2021 - 91%) 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. 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 transferred the operational funding for the ARH to Community Living Oshawa/Clarington (the "Buyer"). At the request of MCCSS, the Association sold the property to the Buyer for \$1 and the Buyer assumed 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 on April 15, 2021.

As a result of the above transaction, in the prior year, the assets related to the transfer, including the land and building were 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 had been recognized as revenues. The net impact from this transaction of \$83,766 had been recorded as net loss on assets held for sale on the Statement of Operations.

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### 8. 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 44% of total accounts receivable (2021 - one entity that comprised 49%).

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

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Durham Association for Family Resources and Support  
Notes to Financial Statements

March 31, 2022

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8. 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 and commitments. 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.

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9. 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. 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.

In the prior 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.