

Durham Association for
Family Resources and Support
Financial Statements
For the year ended March 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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, 2023

Durham Association for Family Resources and Support
Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash	\$ 1,372,506	\$ 922,783
Short-term investments (Note 2)	2,017,608	2,043,853
Accounts receivable	192,689	301,422
Prepaid expenses	20,713	33,868
	3,603,516	3,301,926
Capital assets (Note 3)	64,271	50,207
	\$ 3,667,787	\$ 3,352,133

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 544,095	\$ 694,394
Deferred revenue (Note 4)	254,414	7,805
Funds held in trust	566,922	640,667
	1,365,431	1,342,866
Net assets		
General fund	2,188,085	1,909,060
Capital reserve fund	50,000	50,000
Invested in capital assets	64,271	50,207
	2,302,356	2,009,267
	\$ 3,667,787	\$ 3,352,133

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	2023	2022
Balance, beginning of year	\$ 1,909,060	\$ 50,000	\$ 50,207	\$ 2,009,267	\$ 1,966,919
Excess (deficiency) of revenue over expenses	316,913	-	(23,824)	293,089	42,348
Interfund transfers	(37,888)	-	37,888	-	-
Balance, end of year	\$ 2,188,085	\$ 50,000	\$ 64,271	\$ 2,302,356	\$ 2,009,267

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	2023	2022
Revenue		
Ministry of Children, Community and Social Services - subsidy	\$ 8,973,401	\$ 8,731,469
Federal grants	12,002	150,040
Fees for service	559,682	463,206
Donations and fundraising	1,723	11,804
Interest and investment income (loss)	(26,245)	29,959
Other revenue	8,830	4,600
	<u>9,529,393</u>	<u>9,391,078</u>
Expenses		
Advertising	-	203
Amortization	23,824	21,670
Audit	18,906	18,488
Bank charges	7,201	5,178
Employee benefits	393,961	360,713
Individual/Family support	6,428,565	6,719,569
Insurance	22,298	17,336
Office supplies, sundry	192,299	169,584
Other purchased services	199,561	280,129
Rent	168,605	182,493
Repairs and maintenance	20,566	21,395
Salaries	1,690,704	1,512,592
Staff training	32,020	15,081
Telephone	15,214	13,584
Travel	22,580	10,329
Utilities	-	386
	<u>9,236,304</u>	<u>9,348,730</u>
Excess of revenue over expenses	\$ 293,089	\$ 42,348

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	2023	2022
Operating activities		
Excess of revenue over expenses	\$ 293,089	\$ 42,348
Items not affecting cash		
Amortization	23,824	21,670
Unrealized loss on investments	59,502	2,273
	376,415	66,291
Changes in non-cash working capital balances		
Accounts receivable	108,733	146,631
Prepaid expenses	13,155	85,195
Accounts payable and accrued liabilities	(150,299)	259,789
Deferred revenue	246,609	(45,712)
	594,613	512,194
Investing activities		
Proceeds on assets held for sale	-	1
Purchase of capital assets	(37,888)	(19,760)
Purchase of investments (net)	(33,257)	(32,232)
	(71,145)	(51,991)
Financing activity		
Decrease (increase) of funds held in trust	(73,745)	56,959
Net change	449,723	517,162
Cash, beginning of year	922,783	405,621
Cash, end of year	\$ 1,372,506	\$ 922,783

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

Durham Association for Family Resources and Support

Notes to Financial Statements

March 31, 2023

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.

Durham Association for Family Resources and Support
Notes to Financial Statements

March 31, 2023

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> <p>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</p>
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 excess of revenue over expenses. 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 excess of revenue over expenses.</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, 2023

2. Short-term Investments

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

3. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 122,526	\$ 111,284	\$ 122,526	\$ 109,318
Computer hardware	148,111	101,050	110,222	83,352
Furniture and equipment	114,178	108,210	114,178	104,049
	\$ 384,815	\$ 320,544	\$ 346,926	\$ 296,719
Cost less accumulated amortization		\$ 64,271		\$ 50,207

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable relating to payroll of \$Nil (2022 - \$6,645), and an amount payable to the Ministry of Children, Community and Social Services ("MCCSS") of \$Nil (2022 - \$228,065) relating to the estimated unused portion of provincial Temporary Wage Enhancement funding.

For the current year, the Association received approval from MCCSS to defer \$200,000 of unused funding for use in the next fiscal year, which is included in deferred revenues.

5. Commitments

The Association has entered into an operating lease for its premises, including estimated common area costs, at \$17,245 per month until August 2024, \$17,934 per month until August 2026 and \$18,623 until August 2028.

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

<u>Year</u>	<u>Amount</u>
2024	\$ 206,934
2025	211,760
2026	215,207
2027	220,033
2028	223,480
Thereafter	93,117
	\$ 1,170,531

Durham Association for Family Resources and Support

Notes to Financial Statements

March 31, 2023

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 94% (2022 - 93%) of the organization's total revenue and, as such, its ability to continue viable operations is dependent upon maintaining these funding arrangements.

7. 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 two entities that comprised 40% of total accounts receivable (2022 - one entity that comprised 44%).

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 and commitments. The Association continues to focus on maintaining adequate liquidity to meet operating working capital requirements.

Durham Association for Family Resources and Support
Notes to Financial Statements

March 31, 2023

8. Financial Instrument Risks (continued)

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.