

**Durham Family Court Clinic**  
**Financial Statements**  
*March 31, 2022*

# Durham Family Court Clinic Contents

*For the year ended March 31, 2022*

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To the Members of Durham Family Court Clinic:

## Opinion

We have audited the financial statements of Durham Family Court Clinic (the "Charity"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Charity'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 Charity'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 Charity'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 Charity 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.

Oshawa, Ontario

June 7, 2022

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**Durham Family Court Clinic**  
**Statement of Financial Position**

*As at March 31, 2022*

	<i>General Fund</i>	<i>Externally Restricted Fund</i>	<b>2022</b>	<i>2021</i>
<b>Assets</b>				
<b>Current</b>				
Cash	301,671	5,033	306,704	348,591
Accounts receivable	18,858	-	18,858	25,316
Term deposits ( <i>Note 3</i> )	333,319	-	333,319	331,511
Prepaid expenses	34,427	-	34,427	46,834
HST recoverable	35,875	-	35,875	44,641
Security deposits	12,218	-	12,218	12,218
	<b>736,368</b>	<b>5,033</b>	<b>741,401</b>	809,111

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**Durham Family Court Clinic**  
**Statement of Financial Position**

*As at March 31, 2022*

	<i>General Fund</i>	<i>Externally Restricted Fund</i>	<i>2022</i>	<i>2021</i>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	159,753	-	159,753	171,644
Due to MCCSS ( <i>Note 4</i> )	42,048	-	42,048	59,342
Deferred revenue ( <i>Note 5</i> )	26,895	-	26,895	65,420
	<b>228,696</b>	<b>-</b>	<b>228,696</b>	<b>296,406</b>
<b>Net Assets</b>				
Internally restricted	234,010	-	234,010	59,800
Unrestricted - General	273,662	-	273,662	273,662
Externally restricted	-	5,033	5,033	179,243
	<b>507,672</b>	<b>5,033</b>	<b>512,705</b>	<b>512,705</b>
	<b>736,368</b>	<b>5,033</b>	<b>741,401</b>	<b>809,111</b>

Approved on behalf of the Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

**Durham Family Court Clinic**  
**Statement of Operations**

*For the year ended March 31, 2022*

	<i>MCCSS YJS</i>	<i>MCCSS EYOW</i>	<i>MOH VPP</i>	<i>Other</i>	<i>Seeds of Hope Externally Restricted</i>	<i>2022</i>	<i>2021</i>
<b>Revenue</b>							
Service contracts	1,525,903	80,100	152,985	-	-	1,758,988	1,709,642
Collaborative Day Treatment Program	71,351	-	-	-	-	71,351	71,351
COVID-19 funding	-	-	40,000	-	-	40,000	26,070
Other revenue <i>(Note 6)</i>	-	-	-	21,301	-	21,301	25,833
Fundraising and donations	-	-	-	2,779	-	2,779	6,551
Government grants <i>(Note 7)</i>	-	-	-	-	-	-	22,530
Seeds of Hope revenue	-	-	-	-	1,450	1,450	675
	<b>1,597,254</b>	<b>80,100</b>	<b>192,985</b>	<b>24,080</b>	<b>1,450</b>	<b>1,895,869</b>	<b>1,862,652</b>
<b>Expenses (Schedule 1)</b>							
Building occupancy	212,653	3,791	28,670	12,705	-	257,819	246,387
Travel and communications	28,620	1,584	2,143	24	-	32,371	22,689
Supplies and equipment	50,540	1,427	13,553	1,240	-	66,760	52,353
Staffing	1,029,095	70,023	104,793	9,209	-	1,213,120	1,275,025
Program expenditures	272,967	3,113	43,559	813	1,450	321,902	242,097
Miscellaneous	3,379	162	267	89	-	3,897	3,925
<b>Total expenses</b>	<b>1,597,254</b>	<b>80,100</b>	<b>192,985</b>	<b>24,080</b>	<b>1,450</b>	<b>1,895,869</b>	<b>1,842,476</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,176</b>

*The accompanying notes are an integral part of these*

**Durham Family Court Clinic**  
**Statement of Changes in Net Assets**

*For the year ended March 31, 2022*

	<i>General Fund</i>	<i>Externally Restricted Fund</i>	<b>2022</b>	<i>2021</i>
<b>Net assets, beginning of year</b>	<b>333,462</b>	<b>179,243</b>	<b>512,705</b>	492,529
<b>Excess of revenue over expenses</b>	-	-	-	20,176
<b>Interfund transfer (Note 8)</b>	<b>174,210</b>	<b>(174,210)</b>	-	-
<b>Net assets, end of year</b>	<b>507,672</b>	<b>5,033</b>	<b>512,705</b>	512,705

*The accompanying notes are an integral part of these*



**Durham Family Court Clinic**  
**Statement of Cash Flows**  
*For the year ended March 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	-	20,176
Changes in working capital accounts		
Accounts receivable	6,458	2,465
HST recoverable	8,766	(22,372)
Prepaid expenses	12,407	(1,461)
Accounts payable and accrued liabilities	(11,891)	28,996
Increase (decrease) in surplus repayable to MCCSS	(17,294)	42,046
Increase (decrease) in deferred revenue	(38,525)	54,584
	<b>(40,079)</b>	124,434
<b>Investing</b>		
Purchase of term deposits	(333,319)	(331,511)
Proceeds on disposal of term deposits	331,511	326,956
	<b>(1,808)</b>	(4,555)
<b>Increase (decrease) in cash resources</b>	<b>(41,887)</b>	119,879
<b>Cash resources, beginning of year</b>	<b>348,591</b>	228,712
<b>Cash resources, end of year</b>	<b>306,704</b>	348,591

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

**Durham Family Court Clinic**  
**Schedule 1 - Schedule of Expenses**

*For the year ended March 31, 2022*

	MCCSS YJS	MCCSS EYOW	MOH VPP	Other	2022	2021
<b>Expenses</b>						
Building occupancy						
Rent	146,779	3,151	21,320	5,827	177,077	180,232
Utilities	6,925	77	820	-	7,822	7,311
Repairs and maintenance	21,053	254	3,334	-	24,641	21,536
Insurance	37,895	309	3,195	6,878	48,278	37,308
Subtotal - Building occupancy	212,653	3,791	28,670	12,705	257,819	246,387
Travel & communications						
Travel	2,866	38	87	24	3,014	3,662
Communications	25,754	1,546	2,056	-	29,356	19,027
Subtotal - Travel & communications	28,620	1,584	2,143	24	32,371	22,689
Supplies and equipment						
Office supplies	13,939	317	749	50	15,055	4,881
Health & safety	-	-	-	-	-	448
Program expenses	36,601	1,110	12,804	1,190	51,705	46,348
Subtotal - Supplies and equipment	50,540	1,427	13,553	1,240	66,760	51,677
Staffing						
Salaries and benefits	1,006,388	68,678	103,877	9,209	1,188,153	1,221,789
Training	22,707	1,345	916	-	24,968	53,236
Subtotal - Staffing	1,029,095	70,023	104,793	9,209	1,213,120	1,275,025

**Durham Family Court Clinic**  
**Schedule 1 - Schedule of Expenses (continued)**

*For the year ended March 31, 2022*

	MSSCC YJS	MCCSS/MOH EYOW	MCCSS VPP	Other	2022	2021
Program expenditures						
Client purchases and services	88,332	744	-	813	89,888	83,078
IT support and equipment	29,948	711	3,988	-	34,647	28,781
Professional fees	42,475	456	4,027	-	46,958	21,580
COVID-19 expenditures	112,212	1,202	35,544	-	148,958	108,660
Subtotal - Program expenditures	272,967	3,113	43,559	813	320,452	242,099
Miscellaneous						
Bank charges	2,883	140	228	89	3,340	3,428
Miscellaneous	496	22	39	-	558	498
Subtotal - Miscellaneous	3,379	162	267	89	3,897	3,926
Total Expenditures	1,597,254	80,100	192,985	24,080	1,894,419	1,841,803

**1. Incorporation and nature of the organization**

Durham Family Court Clinic (the “Charity”) was incorporated in 1980 without share capital under the laws of the Province of Ontario, and is a registered charity under section 149(1)(f) of the Income Tax Act (“the Act”). In order to maintain its status as a registered charity under the Act, the Charity must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Charity empowers and engages young people, families and communities through collaboration, innovation and excellence. Funding is provided by the Ministry of Children, Community & Social Services (‘MCCSS’), Ministry of Health (‘MOH’), collaborative program partners, grants and donations.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

***Fund accounting***

The Charity follows the restricted fund method of accounting for contributions, and maintains two funds: General, and Externally Restricted.

The General Fund reports the Charity’s program delivery and administrative activities. This fund reports unrestricted resources related to operations. The General Fund includes the fund balances of unrestricted funds and internally restricted funds. Internally restricted funds are those that have been designated for use in specific purposes as determined by the Board.

The Externally Restricted Fund reports the Charity’s restricted resources including the Nevada and various Seeds of Hope programs. Externally restricted funds are those that result from contributions from donors which are for use in specific programs and/or pursuant to rules and regulations established for these types of funds by government authorities.

***Revenue recognition***

The Charity uses the restricted fund method of accounting for contributions. Restricted contributions related to Nevada and Seeds of Hope programs are recognized as revenue of the Externally Restricted Fund when received. If there is no corresponding restricted fund presented in the statement of operations, such externally restricted contributions are recognized as revenue of the General Fund in the same period as the related expenses are recognized.

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.

Subsidies, grants and contributions are recorded in the period to which they relate. Revenue from unrestricted donations and fundraising activities are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations include contributions from corporations, individuals and non-profit organizations. Gifts in kind are not recognized as revenue. All other revenue is recognized on an accrual basis in the fiscal year to which they relate.

The Charity receives funding from the MCCSS and MOH based on approved annual costs. It is the practice of the Ministry to reduce future budgeted allocations of funds by surpluses of prior years.

***Contributed services***

Volunteers contribute a significant number of hours during the year to assist the Charity in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Financial instruments**

The Charity recognizes financial instruments when the Charity becomes party to the contractual provisions of the financial instrument.

**Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Charity may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Charity has not made such an election during the year.

The Charity subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Charity's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Financial asset impairment**

The Charity assesses impairment of all its financial assets measured at cost or amortized cost. The Charity groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Charity determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Charity reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Charity reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Charity reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Charity reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

**Term Deposits**

Term deposits includes guaranteed investment certificates recorded at amortized cost. They have been classified as current assets in concurrence with the nature of the term deposits.

**Durham Family Court Clinic**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2022*

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**Capital assets**

Capital assets are expensed on acquisition. Capital assets held include leasehold improvements, office equipment, and computer equipment.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accounts payable and accrued liabilities includes amounts based on estimates. Allocation of central administration expenses to the various programs is based on approved budgets and management estimates.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the year in which they become known.

**3. Term Deposits**

	<b>2022</b>	2021
Guaranteed Investment Certificate, redeemable, bearing interest at the annual interest rate of 0.50% and maturing on December 23, 2022	<b>281,521</b>	-
Guaranteed Investment Certificate, redeemable, bearing interest at the annual interest rate of 0.50% and maturing on December 23, 2022	<b>51,798</b>	-
Guaranteed Investment Certificate, redeemable, bearing interest at the annual interest rate of 0.60% and matured on December 23, 2021	-	279,843
Guaranteed Investment Certificate, redeemable, bearing interest at the annual interest rate of 0.25% and matured on December 23, 2021	-	51,668
	<b>333,319</b>	331,511

**4. Due to Ministry - MCCSS**

The MCCSS determines if the Charity is required to repay any of the current year's funding upon completion of their annual review, which is based on the Annual Reconciliation Report ('ARR'). As at the date of issuing the audited financial statements, the amount repayable has been estimated, and is subject to revision by MCCSS upon completion of the ARR.

**Durham Family Court Clinic**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2022*

**5. Deferred Revenue**

	2022	2021
Durham District School Board	7,740	7,371
Durham Catholic District School Board	5,160	4,914
Other	13,995	13,135
MOH COVID-19 funding	-	40,000
	26,895	65,420

**6. Other Revenue**

	2022	2021
Property tax rebate	8,293	9,013
Interest income	1,808	4,555
MCCSS-YJS Reintegration funding	4	132
Other	11,196	12,133
	21,301	25,833

**7. Government Grants**

	2022	2021
HRSDC Canada Summer Jobs (CSJ) grant	-	7,530
Emergency Community Support Fund (Durham Community Foundation Emergency Funding)	-	15,000
	-	22,530

**8. Interfund transactions**

During the year, the Charity transferred \$174,210 from the Externally Restricted Fund to the Charity's General Fund, as approved by the Board of Directors.

**9. Commitments**

The Charity leases office premises which require total payments of \$79,650 plus HST, and expires on September 30, 2022.

**10. Pension Plan**

The Charity contributes to a group registered retirement savings plan for eligible employees. Under this plan, the Charity's contributions are equal to the employee's contributions based on maximum 3% of employee remuneration. The Charity contributions are expensed in the year in which the services are rendered and represent its total pension obligation. For 2022, the pension expense for the group RRSP was \$22,463 (2021 - \$18,557).

**11. Allocation of expenses**

Central administration expenses, including administrative salaries and benefits, building occupancy, and other shared expenses have been allocated to programs as reported on the statement of operations based on management's estimates.

**12. Economic dependence**

The Charity's primary source of revenue is ministry grants from the MSSCC and MOH. The grant funding can be cancelled if the Charity does not observe certain established guidelines. The Charity's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within the funding guidelines. As at the date of these financial statements the Charity believes that it is in compliance with the guidelines.

**13. Financial instruments**

The Charity, as part of its operations, carries a number of financial instruments. It is management's opinion that the Charity is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Charity is exposed to interest rate price risk with respect to guaranteed investment certificates, and which are subject to interest rates of 0.50% (2021 – 0.25% - 0.6%).

**14. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

**15. Impact on Operations Due To COVID-19**

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Charity as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, management anticipates this outbreak may cause program closures, staff shortages, fluctuations in funding, and increased government regulations, all of which may negatively impact the Charity's business and financial condition.