

DURHAM FAMILY COURT CLINIC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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FOR THE YEAR ENDED MARCH 31, 2020

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Independent Auditor's Report

To the members of Durham Family Court Clinic:

Qualified 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, 2020, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at March 31, 2020, 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 Qualified Opinion

As discussed in Note 3(e) to the financial statements, the organization expensed capital assets acquired. Canadian accounting standards for not-for-profit organizations require that capital assets be recorded at the cost amount, and that capital assets be amortized over their useful lives. The difference in assets, liabilities, fund balances and expenses for both the 2020 and 2019 years, had Canadian accounting standards for not-for-profit organizations been followed has not been determined, as the primary users of these financial statements do not require or have any need for this information.

Responsibilities of Management and Those Charged with Governance 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

August 25, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

DURHAM FAMILY COURT CLINIC
STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2020

	<u>MCCSS YJS</u>	<u>MCCSS/MOH VPP</u>	<u>MCCSS EYOW</u>	<u>Other</u>	<u>2020 Total</u>	<u>2019 Total</u>
Revenue						
Service contracts	\$ 1,513,623	\$ 125,685	\$ 75,084	\$ -	\$ 1,714,392	\$ 1,731,688
Collaborative Day Treatment Program	71,351	-	-	-	71,351	71,513
Government grants (Note 7)	-	-	-	66,563	66,563	14,718
Child Protection Mediation	-	-	-	3,250	3,250	11,850
MCCSS-YJS Reintegration funding	-	-	-	1,048	1,048	1,147
Other revenue (Note 8)	-	-	-	27,524	27,524	22,075
Fundraising and donations	-	-	-	15,884	15,884	4,719
	<u>1,584,974</u>	<u>125,685</u>	<u>75,084</u>	<u>114,269</u>	<u>1,900,012</u>	<u>1,857,710</u>
Expenses						
Advertising and promotion	1,591	298	597	-	2,486	1,790
Building occupancy	182,047	25,442	3,659	(1,325)	209,823	211,703
Communications	14,094	928	607	-	15,629	16,272
Covid-19	5,232	259	-	-	5,491	-
Insurance	24,789	2,478	236	-	27,503	26,550
IT support and equipment	31,106	2,552	163	-	33,821	31,019
Office and general	14,158	1,648	705	541	17,052	19,007
Professional fees (non-client)	16,241	1,254	1,015	-	18,510	35,420
Program expenses	51,407	1,394	2,426	9,732	64,959	53,792
Purchased client services	119,377	230	1,320	14,275	135,202	141,422
Salaries and benefits	1,091,526	86,778	61,822	27,396	1,267,522	1,254,420
Training	15,871	915	755	16,291	33,832	28,159
Travel	17,535	1,509	1,779	635	21,458	23,100
	<u>1,584,974</u>	<u>125,685</u>	<u>75,084</u>	<u>67,545</u>	<u>1,853,288</u>	<u>1,842,654</u>
Excess (Deficiency) of Revenue over Expenses	\$ -	\$ -	\$ -	\$ 46,724	\$ 46,724	\$ 15,056

DURHAM FAMILY COURT CLINIC

STATEMENT OF OPERATIONS - SEEDS OF HOPE EXTERNALLY RESTRICTED FUND

FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u> <u>Total</u>	<u>2019</u> <u>Total</u>
Revenue	\$ 543	\$ 2,707
Expenses		
Program expenses	543	2,707
Deficiency of Revenue Over Expenses	\$ -	\$ -

DURHAM FAMILY COURT CLINIC

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2020

	<u>General Fund</u>	<u>Externally Restricted Fund</u>	<u>2020 Total</u>	<u>2019 Total</u>
Opening balance	\$ 266,564	\$ 179,243	\$ 445,807	\$ 430,751
Excess (Deficiency) of revenue over expenses	46,724	-	46,724	15,056
Closing balance	<u>\$ 313,288</u>	<u>\$ 179,243</u>	<u>\$ 492,531</u>	<u>\$ 445,807</u>

DURHAM FAMILY COURT CLINIC

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	<u>General Fund</u>	<u>Externally Restricted Fund</u>	<u>2020 Total</u>	<u>2019 Total</u>
<u>ASSETS</u>				
Current				
Cash	\$ 226,871	\$ 1,841	\$ 228,712	\$ 172,870
Term deposits (Note 4)	149,554	-	149,554	142,309
Accounts receivable	27,781	-	27,781	14,132
HST recoverable	22,269	-	22,269	22,258
Prepaid expenses	45,373	-	45,373	44,212
	<u>471,848</u>	<u>1,841</u>	<u>473,689</u>	<u>395,781</u>
Security deposits	12,218	-	12,218	12,218
Restricted term deposits and funds (Note 4)	-	177,402	177,402	177,398
	<u>12,218</u>	<u>177,402</u>	<u>189,620</u>	<u>189,616</u>
	<u>\$ 484,066</u>	<u>\$ 179,243</u>	<u>\$ 663,309</u>	<u>\$ 585,397</u>

Approved by the Board of Directors:

DURHAM FAMILY COURT CLINIC

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	<u>General Fund</u>	<u>Externally Restricted Fund</u>	<u>2020 Total</u>	<u>2019 Total</u>
<u>LIABILITIES</u>				
Current				
Accounts payable and accrued liabilities	\$ 122,171	\$ -	\$ 122,171	\$ 97,076
Due to MCCSS (Note 5)	17,296	-	17,296	-
Deferred revenue (Note 6)	31,311	-	31,311	42,514
Total liabilities	170,778	-	170,778	139,590
<u>FUND BALANCES</u>				
General - Unrestricted	253,488	-	253,488	206,764
Contingency - Internally restricted (Note 2)	59,800	-	59,800	59,800
Externally restricted (Note 2)	-	179,243	179,243	179,243
	313,288	179,243	492,531	445,807
	\$ 484,066	\$ 179,243	\$ 663,309	\$ 585,397

DURHAM FAMILY COURT CLINIC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Operating Activities		
Excess (Deficiency) of Revenue Over Expenses	\$ 46,724	\$ 15,056
Changes in non-cash working capital		
Accounts receivable	(13,648)	15,393
HST recoverable	(11)	(2,360)
Prepaid expenses	(1,161)	(8,908)
Interest receivable	385	681
Accounts payable and accrued liabilities	25,095	(54,354)
Surplus repayable to MCCSS	17,296	-
Deferred revenue	(11,203)	30,139
	<u>16,753</u>	<u>(19,409)</u>
Cash from operations	<u>63,477</u>	<u>(4,353)</u>
Investing Activities		
Proceeds from disposal of term deposit	317,625	312,586
Purchase of term deposits	(325,260)	(317,625)
	<u>(7,635)</u>	<u>(5,039)</u>
Increase (decrease) in cash during the year	<u>55,842</u>	<u>(9,392)</u>
Cash at beginning of year	<u>172,870</u>	<u>182,262</u>
Cash at End of Year	<u>\$ 228,712</u>	<u>\$ 172,870</u>

DURHAM FAMILY COURT CLINIC

NOTES TO THE FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

1. Status and Nature Of Activities

The Durham Family Court Clinic (the 'Organization') is a non-for-profit corporation that empowers and engages young people, families and communities through collaboration, innovation and excellence. The Organization was incorporated in 1980 and is a registered charity under the Income Tax Act. Funding is provided by the Ministry of Children, Communities & Social Services ('MCCSS'), Ministry of Health ('MOH'), collaborative program partners, and donations.

2. Fund Accounting

The Durham Family Court Clinic follows the restricted fund method of accounting for contributions and maintains the following separate funds:

The General Fund accounts for the organization'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 such as the Contingency Fund. The Contingency Fund's purpose is to provide for future unusual expenses, including legal fees, training opportunities, health and safety, severance, and other expenses as approved by the Board.

The Externally Restricted Fund reports only 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.

DURHAM FAMILY COURT CLINIC

NOTES TO THE FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

3. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(b) Cash and Term Deposits

The organization's policy is to disclose bank balances under cash and to disclose redeemable guaranteed investment certificates as term deposits.

(c) Revenue Recognition

The Durham Family Court Clinic follows the restricted fund method in which externally restricted contributions are recognized when received in the fund corresponding to the purpose for which they were contributed. 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.

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 Durham Family Court Clinic 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.

DURHAM FAMILY COURT CLINIC

NOTES TO THE FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

3. Significant Accounting Policies - cont'd

(d) Financial Instruments

The Organization initially measures its financial instruments at fair value. All of its financial assets and liabilities are subsequently measured at amortized cost including cash, term deposits, accounts receivable, accounts payable and accrued liabilities.

It is management's opinion that the Organization is not exposed to significant risk arising from the financial instruments.

(e) Capital Assets

Capital assets are expensed in the year acquired. Canadian accounting standards for not-for-profit organizations require that capital assets be recorded on the statement of financial position at the cost amount and that the capital assets be amortized over their useful lives. The statement of operations reflects the total capital assets acquired for any given year, including computers, equipment and leasehold improvements. Donated capital assets are not recognized.

(f) Contributed Services

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

DURHAM FAMILY COURT CLINIC

NOTES TO THE FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

4. Term Deposits and Restricted Funds

	<u>2020</u>	<u>2019</u>
Guaranteed Investment Certificate redeemable, bearing interest at the annual interest rate of 2.00% and maturing on December 23, 2020	\$ 274,355	\$ -
Guaranteed Investment Certificate redeemable, bearing interest at the annual interest rate of 1.50% and maturing on December 23, 2020	\$ 50,905	\$ -
Guaranteed Investment Certificate bearing interest at the annual interest rate of 2.50% and not redeemable, matured on December 23, 2019	-	267,627
Guaranteed Investment Certificate redeemable, bearing interest at the annual interest rate of 1.30% and matured on December 23, 2019	-	50,000
Accrued interest receivable	1,695	2,080
	<hr/>	<hr/>
	326,955	319,707
Less: Externally restricted fund	177,402	177,398
	<hr/>	<hr/>
Term deposits available for current operations and contingency	\$ 149,553	\$ 142,309
	<hr/> <hr/>	<hr/> <hr/>

5. Due to Ministry - MCCSS

The MCCSS determines if the organization is required to repay any of the current year's funding upon completion of their annual review, which is based on the Transfer Payment Annual Reconciliation ('TPAR'). 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 annual TPAR.

The surplus repayable to MCCSS includes the balance of \$12,280 from the Youth Justice Services program and \$5,016 from the Youth Outreach Worker Program.

DURHAM FAMILY COURT CLINIC

NOTES TO THE FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

6. Deferred Revenue

Deferred revenue is comprised of:

	<u>2020</u>	<u>2019</u>
Durham District School Board	\$ 7,371	\$ 8,736
Durham Catholic District School Board	13,104	4,914
Safer & Vital Communities Grant	-	27,397
Other	10,836	1,467
	<u>\$ 31,311</u>	<u>\$ 42,514</u>

7. Government Grants

Government grants, recognized as revenue, are comprised of:

	<u>2020</u>	<u>2019</u>
HRSDC Canada Summer Jobs (CSJ) grant	\$ 9,057	\$ 7,115
Safer & Vital Communities Grant	57,506	7,603
	<u>\$ 66,563</u>	<u>\$ 14,718</u>

8. Other Revenue

Other revenue is comprised of:

	<u>2020</u>	<u>2019</u>
Property tax rebate	\$ 9,371	\$ 9,478
Interest income	7,249	4,359
Other	10,904	8,238
	<u>\$ 27,524</u>	<u>\$ 22,075</u>

DURHAM FAMILY COURT CLINIC

NOTES TO THE FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

9. Commitments

The Organization leases office premises which require total minimum annual payments of \$195,942, inclusive of HST, and expires on March 31, 2022.

10. Pension Plan

The Organization contributes to a group registered retirement savings plan for eligible employees. Under this plan, the organization's contributions are equal to the employee's contributions based on maximum 3% of employee remuneration. The Organization contributions are expensed in the year in which the services are rendered and represent its total pension obligation. For 2020, the pension expense for the group RRSP was \$20,804 (2019 - \$23,691).

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 continuation of the organization is substantially dependent upon the on-going financial support from the MCCSS and MOH.

DURHAM FAMILY COURT CLINIC

NOTES TO THE FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

13. Significant Event - Coronavirus

With regards to uncertainty arising from the Coronavirus pandemic (COVID-19), the Organization actively monitors its operations and regularly assesses the possible effects from changes in the exposure to business risks, including program funding. The funding from the MCCSS and MOH currently remains stable for the fiscal year ended March 31, 2021. While the full financial impact of this global pandemic is unknown, all programs have been able to continue operating with additional measures and safety procedures in place.