

Delta Family Resource Centre

Financial Statements

December 31, 2018



Clarkson Rouble LLP

Chartered Professional Accountants

Independent Auditors' Report

To the Members

Delta Family Resource Centre

Qualified Opinion

We have audited the financial statements of **Delta Family Resource Centre** (the Organization), which comprise the statement of financial position as at **December 31, 2018** and **2017**, the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 Organization as at December 31, 2018 and 2017, and its financial performance 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 not-for-profit organizations, **Delta Family Resource Centre** derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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 Organization 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 opinion.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Delta Family Resource Centre

Independent Auditors' Report

Page2

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 Organization'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 Organization'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 Organization 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.



Mississauga, Ontario
May 23, 2019

Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants

Delta Family Resource Centre

Statement of Financial Position As at December 31

	2018	2017
Assets		
Current		
Cash - Operating Fund	\$ 371,680	\$ 58,221
Cash - Reserve Fund (Note 2)	72,085	112,085
Accounts receivable	14,389	20,266
HST recoverable	43,503	11,511
Grants receivable	88,534	64,279
Prepaid expenses	27,817	17,031
	<u>618,008</u>	<u>283,393</u>
Capital assets (Note 3)	<u>31,888</u>	<u>25,786</u>
	\$ 649,896	\$ 309,179
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 102,480	\$ 48,540
Deferred operating grant contributions (Note 4)	360,486	109,711
	<u>462,966</u>	<u>158,251</u>
Deferred contributions related to capital assets (Note 6)	1,442	1,923
	<u>464,408</u>	<u>160,174</u>
Net Assets		
Invested in capital assets	30,446	23,863
Unrestricted operating and reserve fund (Note 2)	155,042	125,142
	<u>185,488</u>	<u>149,005</u>
	\$ 649,896	\$ 309,179

See accompanying notes to financial statements

On behalf of the Board:

10 o!>VI k "n.,.

Director

W

Director

Delta Family Resource Centre

Statement of Operations Year Ended December 31

	2018	2017
Revenue		
City of Toronto (Notes 5 and 7)	\$ 793,209	\$ 614,794
City of Toronto - Partner funding	112,260	
Provincial government (Note 5)	697,518	74,410
Federal government (Note 5)	46,735	17,043
United Way (Note 5)	358,284	481,654
Foundation grants (Note 5)	23,993	45,500
Other grants (Note 5)	86,453	131,897
Fundraising, donations and other income	50,005	23,182
Donations-in-kind (Note 12)	26,878	14,489
	<hr/> 2,195,335	<hr/> 1,402,969
Expenses		
Salaries and related benefits	1,156,124	882,774
Staff training and travel	15,644	11,700
Rent and utilities	159,505	184,987
Equipment and maintenance	13,069	3,098
Program expenses	303,412	135,153
Program - set-up costs	182,370	
Partner expenses	99,260	
Office and insurance	57,290	57,609
Audit and legal	35,931	21,245
Promotion	9,484	2,960
Purchased services	<hr/> 121,565	<hr/> 116,297
	<hr/> 2,153,654	<hr/> 1,415,823
Excess (deficiency) of revenue over expenses before amortization	41,681	(12,854)
Amortization (Note 8)	<hr/> 5,198	<hr/> 16,815
Excess (deficiency) of revenue over expenses	\$ 36,483	\$ (29,669)

See accompanying notes to financial statements

Delta Family Resource Centre

Statement of Changes in Net Assets Year Ended December 31

	Invested in Capital Assets	Unrestricted Operating and Reserve Funds	2018 Total	2017 Total
Balance, beginning of year	\$ 23,863	\$125,142	\$149,005	\$178,674
Excess (deficiency) of revenue over expenses	(5,198)	41,681	36,483	(29,669)
Transfer of funds	11,781	{11,7812		
Balance, end of Year	\$ 30,446	\$155,042	\$185,488	\$149,005

See accompanying notes to financial statements

Delta Family Resource Centre

Statement of Cash Flows Year Ended December 31

	2018	2017
Cash provided by operating activities		
Excess (deficiency) of revenue over expenses	\$ 36,483	\$ (29,669)
Items not requiring an outlay of cash		
Amortization	5,198	16,815
	<u>41,681</u>	<u>(12,854)</u>
Cash generated from (used for)		
Operating working capital		
Accounts receivable	5,877	3,653
HST recoverable	(31,992)	2,695
Grants receivable	(24,255)	(15,332)
Prepaid expenses	(10,786)	839
Accounts payable and accrued liabilities	53,940	76
Deferred operating grant contributions	250,775	(86,398)
	<u>285,240</u>	<u>(107,320)</u>
Increase (decrease) from <u>operating activities</u>		
	<u>285,240</u>	<u>(107,320)</u>
Investing activity		
Additions to <u>capital</u> assets	<u>(11,780)</u>	<u>(12,132)</u>
Decrease from <u>investing activity</u>	<u>(11,780)</u>	<u>(12,132)</u>
Increase (decrease) in cash	273,459	(119,456)
Cash, <u>beginning of year</u>	<u>170,306</u>	<u>289,762</u>
Cash, end of <u>year</u>	<u>\$ 443,765</u>	<u>\$ 170,306</u>
Represented by:		
Cash - Operating fund	\$ 371,680	\$ 58,221
Cash - Reserve fund	<u>72,085</u>	<u>112,085</u>
	<u>\$ 443,765</u>	<u>\$ 170,306</u>

See accompanying notes to financial statements

Delta Family Resource Centre

Notes to Financial Statements

December 31, 2018

Delta Family Resource Centre (the "Centre") operates as a non-profit agency incorporated without share capital in the Province of Ontario. The Centre is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada). The Centre's Charity number is 13243 3335 RROOOL.

The Centre is a multilingual, multi-ethnic, community-based organization working with families and children to enhance their potential through programs that promote their well-being and involvement in the community. The Centre is guided by the principles of ensuring accessibility, building equity and strengthening community capacity.

1. Summary of significant accounting policies

These financial statements are prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

a) Revenue recognition

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded on an accrual basis. Donation and membership revenue is recorded when the funds are received. Special events revenue is recognized on completion of the event.

Capital contributions and the capital assets acquired from such grants are amortized over their respective useful lives.

b) Capital assets

Capital assets purchased are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Asset	Rate
Office equipment	10% declining balance
Computer equipment	20% declining balance
Leasehold improvements	Amortized over 60 months

Delta Family Resource Centre

Notes to Financial Statements

December 31, 2018

1. Summary of significant accounting policies (continued)

c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with financial institutions.

d) Prepaid expenses

Prepaid expenses consist primarily of security deposits, prepaid rent and prepaid insurance.

e) Allocation of expenditures

The Centre incurs a number of general support expenditures that are common to the operation of its program activities, as well as administrative. Certain expenditures benefit more than one program and accordingly have been attributed to the relevant programs. Salary allocations are based on the percentage of the employees' time spent supporting each activity. Such allocations are reviewed annually.

t) Contributed material and services

Donated materials and services are recognized in the accounts when the fair market value of the materials is readily determinable and has been receipted by the organization. In 2018, pro bono legal services of \$26,878 (2017 - \$14,489) were donated to the Centre and receipted as an in-kind donation. Due to difficulty of determining the market value of volunteer services, they are not recorded in the accounts.

g) Measurement uncertainty

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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimated life of capital assets, valuation of accounts receivable, and valuation of accrued liabilities are the most significant items that involve use of estimates.

Delta Family Resource Centre

Notes to Financial Statements December 31, 2018

1. Summary of significant accounting policies (continued)

h) Financial instruments

Financial instruments

The Centre initially measures its financial assets and liabilities at fair value. The Centre subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and deferred operating grant contributions.

The Centre does not have any financial assets measured at fair value and has not elected to carry any financial assets or financial liabilities at fair value.

Transaction costs

The Centre recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

2. Contingency reserve

Pursuant to the Board of Directors' Policy, all self-generated funds are to be placed in a reserve fund for the purpose of providing funds for unexpected cash shortfalls, so that the Centre's core programs and services can continue while the immediate funding problem is addressed. Furthermore, the funds may be used to provide the amount required to effect a balanced budget in those years where particular fiscal constraints are experienced, as well to provide for the repair and renewal of capital assets, to meet any potential liability arising under the collective agreement for accumulated sick leave, and to provide funding for mandated termination pay. The funds may also be utilized for moving and renovation costs.

Delta Family Resource Centre

Notes to Financial Statements December 31, 2018

3. Capital assets

Capital assets consist of the following:

		<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 20,497	\$ 11,880	\$ 8,617
Computer equipment	27,814	22,631	5,183
Leasehold improvements	22,120	0	18,088
	<u>\$ 70,431</u>	<u>\$ 38,543</u>	<u>\$ 31,888</u>
			<u>\$ 25,786</u>

4. Deferred operating grant contributions

Deferred operating grant contributions consist of the following:

	<u>2018</u>	<u>2017</u>
City of Toronto - Children's Services	\$ 94,453	\$ 91,702
City of Toronto - Crisis Fund	5,700	
City of Toronto - Access and equity	15,035	
City of Toronto - OLORI	50,381	
Ontario Senior's Secretariat		6,009
Ministry of Community Safety and Correctional Services		12,000
Ministry of Children and Youth Services	194,917	
	<u>\$ 360,486</u>	<u>\$ 109,711</u>

Continuity of deferred operating grant contributions for the year is as follows:

	<u>2018</u>	<u>2017</u>
Deferred contributions, beginning of year	\$ 109,711	\$ 196,109
Add cash received/receivable from grants in the year	2,254,923	1,287,356
Less <u>grant revenue recognized in the year</u>	<u>(2,004,148)</u>	<u>(1,373,754)</u>
	<u>\$ 360,466</u>	<u>\$ 109,711</u>

Delta Family Resource Centre

Notes to Financial Statements December 31, 2018

5. Grant revenue recognized in the year

	2018	2017
City of Toronto		
Children's Services - Schedule 1	\$ 397,864	\$ 370,486
Community Service Partnerships (CSP)	113,825	111,480
Urban Health	-	28,522
Access and Equity	20,965	36,000
OLORI	156,084	
Investing in Neighbourhoods	64,479	68,306
Crisis Fund	26,550	
Other	13,442	
	<u>793,209</u>	<u>614,794</u>
Provincial government		
Ministry of Tourism After School Program	39,747	40,053
Ontario Secretariat	7,451	6,107
Ministry of Children and Youth Services	604,270	
Other	15,326	28,250
<u>Ministry of Citizenship</u>	30,724	
	<u>697,518</u>	<u>74,410</u>
Federal government		
Canada Summer Jobs	26,685	17,043
New Horizons	20,050	
	<u>46,735</u>	<u>17,043</u>
United Way		
United Way of Greater Toronto	<u>358,284</u>	<u>481,654</u>
Foundations		
Ontario Trillium Foundation	-	42,000
Other	23,993	3,500
	<u>23,993</u>	<u>45,500</u>
Other		
Job Start	61,996	53,892
The Hincks Dellcrest Centre	-	36,347
Jane and Finch Community and Family Centre	-	20,724
Other	24,457	20,934
	<u>86,453</u>	<u>131,897</u>
	<u>2,006,192</u>	<u>1,365,298</u>

Delta Family Resource Centre

Notes to Financial Statements

December 31, 2018

6. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of the following:

	2018	2017
Ontario Trillium Foundation	\$ 1,442	\$ 1,923

Continuity of deferred contributions related to capital assets for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	\$ 1,923	\$ 5,342
Less amortization for the year	<u>481</u>	<u>3,419</u>
Deferred contributions, end of year	-- -- \$ -- <u>1,442</u>	\$ <u>1,923</u>

7. Pay equity

Included in City of Toronto Revenue - Administration is \$Nil (2017 - \$5,498) for Humewood related to Ontario Pay Equity and \$Nil (2017 - \$6,218) for Humber Summit related to Ontario Pay Equity.

8. Amortization expense

Amortization is comprised as follows:

	2018	2017
Amortization expense	\$ 5,679	\$ 20,234
Less: Amortization of deferred contributions related to capital assets	<u>481</u>	<u>3,419</u>
	<u>\$5,198</u>	\$ <u>16,815</u>

Delta Family Resource Centre

Notes to Financial Statements

December 31, 2018

9. Lease commitments

The Centre's net annual minimum rent payments for 2291 Kipling Avenue and 2667 Kipling Avenue, which does not include additional rent charges are as follows:

2019	\$	76,588
2020		54,588
2021		45,823
2022		25,708

10. Capital management and government financing

The Centre includes cash, accounts receivable, grants receivable, accounts payable and accrued charges, deferred contributions, and net assets in its capital management consideration. The Centre's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

The Centre monitors these items to assess its ability to fulfil its ongoing financial obligations. The Centre receives government grants to assist in the funding of its operations and makes adjustments to its budgeted expenditures in light of changes. The Centre is not subject to externally imposed capital requirements.

11. Bank advances

The Centre has a \$28,000 line of credit facility which bears interest at the Royal Bank of Canada prime rate plus 2.0%. The Centre had a balance of \$Nil outstanding on the facility as at December 31, 2018 (2017 - \$Nil).

12. Financial instruments risk exposure

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the Mission's risk exposure and concentrations at the statement of financial position date.

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 Centre's main credit risks relate to accounts receivable, however the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The Centre has not had issues with these collections over the past several years. The allowance for doubtful accounts is \$Nil (2017 - \$Nil)

Delta Family Resource Centre

Notes to Financial Statements

December 31, 2018

12. Financial instruments risk exposure (continued)

Liquidity risk

Liquidity is the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its accounts payable. The Centre expects to meet these obligations as they come due through sufficient cash flow from operations. The Centre has not had issues with meeting obligations in previous years.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Centre is not exposed to market risk.

Delta Family Resource Centre

City of Toronto - Child and Family Programs
Year Ended December 31, 2018

Schedule 1

Revenue	
Grants	\$ 397,286
<hr/>	
Expenses	
Salaries	253,341
Benefits	35,982
Program related	39,245
Rent	20,794
Utilities and maintenance	16,168
Business costs	32,506
Professional Development	356
	<hr/>
	\$ <u>398,392</u>
Excess of expenses over revenue	<u>(528)</u>