FAMILY SERVICE THAMES VALLEY

Financial Statements

Year Ended March 31, 2022

FAMILY SERVICE THAMES VALLEY
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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Family Service Thames Valley

Opinion

We have audited the financial statements of Family Service Thames Valley (the Organization), 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 relating 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.

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.

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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.

BDO Canada LLP

London, Ontario
July 11, 2022

Chartered Professional Accountants
Licensed Public Accountants

FAMILY SERVICE THAMES VALLEY
Statement of Financial Position
March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	**$ 55,775**	$ 312,598
Accounts receivable	**370,526**	450,464
HST rebate recoverable	**28,201**	13,143
Prepaid expenses and deposits	**247,387**	9,167
	701,889	785,372
Tangible capital assets *(Note 4)*	**28,627**	22,969
Mortgage receivable *(Note 5)*	**1,081,552**	1,055,748
Libro Credit Union shares	**10,955**	10,480
	$ 1,823,023	$ 1,874,569
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	**$ 259,752**	$ 283,890
Deferred revenue related to expenses of future periods *(Note 6)*	**49,058**	48,255
	308,810	332,145
NET ASSETS	**1,514,213**	1,542,424
	$ 1,823,023	$ 1,874,569

LEASE COMMITMENTS *(Note 9)*

COVID-19 *(Note 12)*

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On behalf of the Board

Nadia Circelli *Director*

Kim Fraser *Director*

See accompanying notes to the financial statements.

FAMILY SERVICE THAMES VALLEY
Statement of Changes in Net Assets
Year Ended March 31, 2022

		2022		2021
NET ASSETS - BEGINNING OF YEAR	**$**	**1,542,424**	$	375,302
Excess (deficiency) of revenues over expenditures		**(28,211)**		1,167,122
NET ASSETS - END OF YEAR	**$**	**1,514,213**	$	1,542,424

See accompanying notes to the financial statements.

FAMILY SERVICE THAMES VALLEY
Statement of Operations
Year Ended March 31, 2022

		2022		2021
REVENUES				
Ontario Ministry of Children, Community and Social Services *(Note 10)*	**$**	**919,307**	$	824,958
United Way of London-Middlesex grant		**402,700**		427,303
Contract service fees		**302,419**		178,874
Client service fees		**246,811**		248,771
PassportONE fees		**301,946**		259,647
Other revenue		**84,185**		16,044
Middlesex County fee		**58,714**		64,900
Ontario Ministry of Health		**46,267**		44,113
Other grants and donations		**46,117**		63,063
Ontario Trillium Foundation grant		**42,935**		17,865
London Community Foundation grant		**13,000**		15,000
Prosper Canada grant		**-**		167,794
		2,464,401		2,328,332
EXPENDITURES *(Schedule 1)*		**2,518,416**		2,389,048
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS		**(54,015)**		(60,716)
OTHER INCOME				
Gain on disposal of tangible capital assets		**-**		917,554
Imputed interest on mortgage receivable *(Note 5)*		**25,804**		8,752
Amortization of deferred revenue related to tangible capital assets		**-**		301,532
		25,804		1,227,838
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	**$**	**(28,211)**	$	1,167,122

See accompanying notes to the financial statements.

FAMILY SERVICE THAMES VALLEY

Statement of Cash Flows

Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures for the year	**$ (28,211)**	$ 1,167,122
Items not affecting cash:		
Amortization of tangible capital assets	**8,655**	29,951
Gain on disposal of tangible capital assets	**-**	(917,554)
Amortization of deferred revenue related to tangible capital assets	**-**	(301,532)
Imputed interest on mortgage receivable	**(25,804)**	(8,752)
	(45,360)	(30,765)
Changes in non-cash working capital:		
Accounts receivable	**79,938**	(271,251)
HST rebate recoverable	**(15,058)**	7,266
Prepaid expenses	**(238,220)**	3,231
Accounts payable and accrued liabilities	**(24,138)**	183,305
Deferred revenue related to expenses of future periods	**803**	13,157
	(196,675)	(64,292)
Cash flow used by operating activities	**(242,035)**	(95,057)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	**(14,313)**	(6,010)
Proceeds on disposal of tangible capital assets *(Note 4)*	**-**	1,914,186
Increase in long term investments	**(475)**	(226)
Advance of mortgage receivable	**-**	(1,046,996)
Cash flow from (used by) investing activities	**(14,788)**	860,954
FINANCING ACTIVITY		
Repayments of long term debt	**-**	(439,504)
INCREASE (DECREASE) IN CASH	**(256,823)**	326,393
CASH (BANK INDEBTEDNESS) - BEGINNING OF YEAR	**312,598**	(13,795)
CASH (BANK INDEBTEDNESS) - END OF YEAR	**$ 55,775**	$ 312,598

See accompanying notes to the financial statements.

1. ORGANIZATION

Family Service Thames Valley is a registered charity, incorporated without share capital under the Ontario Corporations Act and provides counselling and community integration programs.

The organization claims exemption from income taxes under section 149 of the Income Tax Act relating to non-profit organizations.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Family Service Thames Valley follows the deferral method of accounting for contributions which include donations and government grants.

- Operating grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.
- Revenue from fees and contracts is recognized when the services are provided.
- 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.
- Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related tangible capital assets.

Cash

Cash includes cash on hand and on deposit, less cheques issued and outstanding at the reporting date.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Computer hardware	5 years
Computer software	5 years
Furniture and equipment	5 years, 15 years

Contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of a tangible capital asset are capitalized.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

When a tangible capital asset no longer contributes to an organization’s ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Gifts-in-Kind

The organization benefits from gifts-in-kind. These financial statements do not reflect any revenue or expenditures related to gifts-in-kind for which fair value cannot be reasonably estimated.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

FAMILY SERVICE THAMES VALLEY

Notes to Financial Statements

Year Ended March 31, 2022

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2022 Net book value**	2021 Net book value
Computer hardware	$ 194,338	$ 167,077	**$ 27,261**	$ 20,808
Computer software	186,722	185,756	**966**	1,288
Furniture and equipment	145,493	145,093	**400**	873
	$ 526,553	$ 497,926	**$ 28,627**	$ 22,969

5. MORTGAGE RECEIVABLE

	2022	2021
Interest free mortgage receivable due December 6, 2022.	**$ 1,081,552**	$ 1,055,748

As part of the sale of the land and building as described in the prior year, the organization agreed to take back a first charge mortgage in the amount of $1,100,000. The interest free mortgage has been present valued at a market rate of interest of 2.5%. Imputed interest income of $25,804 has been reported in the current year and added to the balance of the mortgage receivable.

Subsequent to year end, the Organization entered into a line of credit agreement with Libro Credit Union in the amount of $500,000 with terms to be determined. As security for the line of credit, the above noted mortgage has been assigned to Libro Credit Union.

6. DEFERRED REVENUE

Deferred revenue related to expenditures of future periods represent unspent externally restricted grants and contracts.

	2022	2021
Deferred revenue related to expenditures of future periods		
Balance - beginning of year	**$ 48,255**	$ 35,098
Contributions received during the year	**100,590**	71,457
Amounts recognized as revenue in the year	**(99,787)**	(58,300)
	$ 49,058	$ 48,255

7. WILLIAMS FOUNDATION ENDOWMENT FUND

The organization is a named beneficiary of the Dr. Earl G. Williams & Iona Ann Williams Foundation, an endowment fund. The balance in the fund plus accrued income are legally the property of the Foundation, and are administered by a third party trustee and accordingly, the fund balance is not included in the accounts of the organization. A portion of the income earned by the fund will be contributed annually to the organization after deduction of an annual administration fee, and is to be used for a specified purpose.

Income received for the year ended March 31, 2022 amounted to $2,013 (2021 - $1,573). Included in deferred revenue (note 6) is $24,108 (2021 - $26,121) received from this fund which has not yet been spent.

8. PENSION PLAN

The organization makes contributions, on behalf of its staff, to the Family Service Thames Valley Registered Pension Plan, which is a single employer plan. The plan is a defined contribution plan in which contributions are determined as a percentage of employee annual earnings. The amount contributed to the plan for 2022 was $25,382 (2021 - $24,707) for current service and is included with salaries and benefits in the statement of operations.

At March 31, 2022, there is no liability for past service under the agreement.

9. LEASE COMMITMENTS

The organization has entered into a long term lease with respect to its premises commencing June 1, 2022 and expiring May 31, 2029. Future minimum lease payments relating to this lease are as follows:

2023	$ 152,206
2024	186,301
2025	190,027
2026	193,827
2027	197,704
Thereafter	407,349
	$ 1,327,414

10. ONTARIO MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES - SERVICE CONTRACT

Family Service Thames Valley has a Service Contract with the Ontario Ministry of Children, Community and Social Services. A reconciliation report summarizes, by detail code, all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract.

A review of these reports shows that all services under the Service Contract, consisting of the following, are in a break-even position as at March 31, 2022: VAW (Violence Against Women) Counselling Services, Adult Protective Services Support, Child & Family Assessment & Support, BPS - Other Developmental Services.

11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides information about the organization's risk exposure and concentration. There have been no significant changes in the nature or concentration of the risk exposures from the prior year, unless otherwise noted.

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 organization is exposed to credit risk from its clients and funders. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. At year end, no allowance for doubtful accounts has been established. The organization's credit risk is reduced due to the following:

(a) The organization receives a significant portion of its revenue from government agencies, which greatly reduces the organization's exposure to credit risk; and,

(b) For those services charged directly to clients, the organization normally obtains payment at the time service is provided, thereby reducing credit risk from these clients. As part of its charitable mandate, the organization is able to serve many of its clients free of charge, or at a reduced rate, if they meet certain criteria.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts.

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.

Currency risk

Currency risk is the risk to the organization's operations that arise from fluctuations of foreign exchange rates. The organization is not exposed to significant currency risk as the organization does not hold financial instruments denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. In management's opinion, the organization is exposed to interest rate risk primarily through its floating interest rate operating line of credit, and the mortgage receivable.

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11. FINANCIAL INSTRUMENTS *(continued)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 the market. In management's opinion, the organization is not exposed to significant other price risk.

12. COVID-19

The COVID-19 pandemic continues to have a significant impact on the global economy, resulting in economic uncertainties affecting the organization. Management continues to monitor the affect on its financial condition, liquidity, operations, suppliers, industry and workforce. At this time, the full impact on the organization is not known.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year’s presentation.

FAMILY SERVICE THAMES VALLEY

Expenses ***(Schedule 1)***

Year Ended March 31, 2022

	2022	2021
EXPENDITURES		
Salaries and benefits *(Note 8)*	**$ 2,008,184**	$ 1,762,193
Purchased services	**114,514**	101,769
Office	**106,216**	51,327
Computer	**60,980**	64,429
Telephone and utilities	**50,420**	46,343
Repairs and maintenance	**42,963**	43,970
Transportation	**30,035**	33,068
Audit and legal	**28,159**	18,499
Insurance	**21,559**	17,696
Professional development, meetings and conferences	**20,391**	24,996
Agency dues	**12,927**	17,471
Amortization of tangible capital assets	**8,655**	29,951
Bad debts	**7,760**	-
Rent	**5,245**	4,783
Advertising and promotion	**408**	411
Interest on long term debt	**-**	16,717
Prosper Canada grant costs	**-**	153,755
London Community Foundation grant costs	**-**	1,670
	$ 2,518,416	$ 2,389,048

See accompanying notes to the financial statements.