

FAMILY SERVICE THAMES VALLEY
Financial Statements
Year Ended March 31, 2024



**MARCUS &
ASSOCIATES**
CHARTERED PROFESSIONAL ACCOUNTANTS

**HOARE •
DALTON**
LITIGATION & VALUATION SERVICES



INDEPENDENT AUDITORS' 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, 2024, and the statements of revenues and expenditures, 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 Organization as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with 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 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 ASNPO, 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.

Auditors' 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 auditors' 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:

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INDEPENDENT AUDITORS' REPORT (CONT'D)

- 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 auditors' 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 auditors' 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.

London, Ontario
June 26, 2024


Marcus & Associates LLP


Chartered Professional Accountants
Licensed Public Accountants

FAMILY SERVICE THAMES VALLEY
Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
Current Assets:		
Cash	\$ 513,170	\$ 944,420
Short-term investments	407,500	200,000
Accounts receivable	399,258	301,839
Harmonized sales tax recoverable	25,147	35,490
Prepaid expenses	59,125	37,486
Security deposit	50,000	50,000
	1,454,200	1,569,235
Tangible Capital Assets (Note 4)	477,158	449,886
Libro Credit Union shares	11,829	11,366
	\$ 1,943,187	\$ 2,030,487
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 317,781	\$ 362,394
Deferred revenue related to expenses of future periods (Note 5)	100,679	66,200
	418,460	428,594
Deferred Revenue Related To Tangible Capital Assets (Note 6)	450,004	416,922
	868,464	845,516
Net Assets	1,074,723	1,184,971
	\$ 1,943,187	\$ 2,030,487

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

FAMILY SERVICE THAMES VALLEY
Statement of Revenues and Expenditures
Year Ended March 31, 2024

	2024	2023
Revenues:		
Ontario Ministry of Children, Community and Social Services	\$ 1,195,509	\$ 1,199,338
PassportONE fees	367,663	336,954
Contract service fees	319,940	296,970
Client service fees	275,060	196,628
United Way of London-Middlesex grant	250,000	250,000
Other revenue	91,581	63,403
Middlesex County fee	64,900	64,900
Ontario Trillium Foundation grant	61,917	111,667
Ontario Ministry of Health	48,667	43,815
Other grants and donations	23,277	17,296
Fundraising activities (<i>Schedule 2</i>)	15,293	-
London Community Foundation grant	500	2,000
	<u>2,714,307</u>	<u>2,582,971</u>
Expenditures: (<i>Schedule 1</i>)	<u>2,902,053</u>	<u>2,980,646</u>
Deficiency Of Revenues Over Expenditures From Operations	<u>(187,746)</u>	<u>(397,675)</u>
Other Income:		
Imputed interest on mortgage receivable	-	18,448
Amortization of deferred revenue related to tangible capital assets (<i>Note 6</i>)	77,498	49,985
	<u>77,498</u>	<u>68,433</u>
Deficiency Of Revenues Over Expenditures For The Year	<u>\$ (110,248)</u>	<u>\$ (329,242)</u>

FAMILY SERVICE THAMES VALLEY
Statement of Changes in Net Assets
Year Ended March 31, 2024

	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 1,184,971	\$ 1,514,213
Deficiency of revenues over expenditures	<u>(110,248)</u>	<u>(329,242)</u>
NET ASSETS - END OF YEAR	<u>\$ 1,074,723</u>	<u>\$ 1,184,971</u>

FAMILY SERVICE THAMES VALLEY
Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
Operating Activities:		
Deficiency of revenues over expenditures	\$ (110,248)	\$ (329,242)
Items not affecting cash:		
Amortization of tangible capital assets	81,139	59,354
Imputed interest on mortgage receivable	-	(18,448)
Amortization of deferred revenue related to tangible capital assets	(77,498)	(49,985)
	<u>(106,607)</u>	<u>(338,321)</u>
Changes in non-cash working capital:		
Accounts receivable	(97,419)	68,687
Harmonized sales tax recoverable	10,343	(7,289)
Prepaid expenses	(21,639)	209,901
Security deposit	-	(50,000)
Accounts payable and accrued liabilities	(44,613)	102,642
Deferred revenue related to expenses of future periods	34,479	17,142
	<u>(118,849)</u>	<u>341,083</u>
Cash flow from (used by) operating activities:	<u>(225,456)</u>	<u>2,762</u>
Investing Activities:		
Purchase of tangible capital assets	(108,411)	(480,613)
Increase in long term investment	(463)	(411)
Repayment of mortgage receivable	-	1,100,000
Proceeds of deferred revenue related to capital assets	110,580	466,907
	<u>1,706</u>	<u>1,085,883</u>
Cash flow from investing activities:	<u>1,706</u>	<u>1,085,883</u>
Increase (Decrease) In Cash Flow	(223,750)	1,088,645
Cash - Beginning Of Year	1,144,420	55,775
Cash - End Of Year	\$ 920,670	\$ 1,144,420
Cash consists of:		
Cash	\$ 513,170	\$ 944,420
Short-term investments	407,500	200,000
	<u>\$ 920,670</u>	<u>\$ 1,144,420</u>

FAMILY SERVICE THAMES VALLEY

Notes to Financial Statements

Year Ended March 31, 2024

1. ORGANIZATION

Family Service Thames Valley (the "Organization") 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 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 and Short-Term Investments

Cash and bank term deposits include cash on hand and on deposit, less cheques issued and outstanding at the reporting date and highly liquid guaranteed investment certificates.

Short-term Investments are recorded at cost plus accrued interest, which approximates fair value. Accrued interest on Short-term Investments has been included with accounts receivable.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization and 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, 7 years, 15 years
Leasehold improvements	7 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.

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FAMILY SERVICE THAMES VALLEY
Notes to Financial Statements
Year Ended March 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the Organization's ability to provide goods and services, or future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying value 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 accounting standards for not-for-profit organizations 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

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.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer hardware	\$ 124,044	\$ 40,009	\$ 84,035	\$ 76,372
Furniture and equipment	254,214	47,110	207,104	168,993
Leasehold improvements	208,423	52,106	156,317	186,092
Security system	34,114	4,412	29,702	18,429
	\$ 620,795	\$ 143,637	\$ 477,158	\$ 449,886

FAMILY SERVICE THAMES VALLEY
Notes to Financial Statements
Year Ended March 31, 2024

5. DEFERRED REVENUE

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

	2024	2023
<u>Deferred revenue related to expenditures of future periods</u>		
Balance - beginning of year	\$ 66,200	\$ 49,058
Contributions received during the year	103,180	65,504
Amounts recognized as revenue in the year	<u>(68,701)</u>	<u>(48,362)</u>
	<u>\$ 100,679</u>	<u>\$ 66,200</u>

6. DEFERRED REVENUE RELATED TO TANGIBLE CAPITAL ASSETS

	2024	2023
<u>Deferred revenue related to tangible capital assets</u>		
Balance - beginning of year	\$ 416,922	\$ -
Contributions received during the year	110,580	466,907
Amounts recognized as revenue in the year	<u>(77,498)</u>	<u>(49,985)</u>
	<u>\$ 450,004</u>	<u>\$ 416,922</u>

Deferred revenue related to tangible capital assets represents the unamortized amounts of subsidies received for the purchase of capital assets.

The amortization of capital contributions is recorded as revenue in the statement of revenues and expenditures.

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, 2024 amounted to \$3,698 (2023 - \$3,656). Included in deferred revenue (Note 5) is \$22,786 (2023 - \$24,587) received from this fund which has not 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 2024 was \$32,626 (2023 - \$30,553) for current service and is included with salaries and benefits in the statement of revenues and expenditures.

At March 31, 2024, there is no liability for past service under the agreement.

FAMILY SERVICE THAMES VALLEY
Notes to Financial Statements
Year Ended March 31, 2024

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 as at year end are as follows:

	\$	193,621
2025		197,493
2026		201,443
2027		205,472
2028		209,582
2029		35,044
Thereafter		<u>1,042,655</u>
	\$	<u>1,042,655</u>

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 (MCCSS). 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 breakeven position as at March 31, 2024: VAW (Violence Against Women) Counselling Services, Victim Quick Response Program+, Adult Protective Services Support, Child & Family Assessment & Support, BPS (Broader Public Sector) - Other Developmental Services.

During March 2023, the MCCSS made additional transfers to the Organization in the amount of \$550,000. These transfers were outside the scope of the Service Contract and were intended to reduce the financial pressures associated with the Organization's move to its new location. In 2023, the Organization recognized \$83,093 as revenue, and the remaining \$466,907 was used to purchase new tangible capital assets for the Organization. This amount was recognized as deferred revenue and is being recognized as revenue over the useful lives of the tangible capital assets that were purchased.

For the year ended March 31, 2024, the Organization applied for \$158,293 one-time funding for individualized support, through the Adult Protective Services Support contract. This funding was to be used on a specific individual who eventually moved out of the service area of the Organization and did not use all of the funding. MCCSS has agreed to allow the unused funds to be allocated by the Organization to support other individuals and to assist with year end pressures. In 2024, the Organization recognized \$95,670 as revenue, recognized \$23,243 as deferred revenue to use to support other individuals in the following fiscal year and the remaining \$39,380 was used to purchase new tangible capital assets for the Organization. The amount of \$39,380 was recognized as deferred revenue and is being recognized as revenue over the useful lives of the tangible capital assets that were purchased.

FAMILY SERVICE THAMES VALLEY
Notes to Financial Statements
Year Ended March 31, 2024

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 rate 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.

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.

FAMILY SERVICE THAMES VALLEY**Expenses****(Schedule 1)****Year Ended March 31, 2024**

	2024	2023
Salaries and benefits <i>(Note 8)</i>	\$ 2,192,048	\$ 2,130,072
Rental	192,125	152,919
Amortization	81,139	59,354
Purchased services	77,835	80,477
Computer	71,457	67,699
Office	44,080	133,027
Telephone and utilities	34,677	51,705
Transportation	33,381	26,576
Professional development, meetings and conferences	31,818	33,495
Insurance	31,584	27,103
Repairs and maintenance	28,666	39,409
Program specific expenditures	25,590	-
Professional fees	21,602	25,893
Advertising and promotion	19,464	38,516
Agency dues	13,144	18,701
Moving expense	3,443	95,700
	\$ 2,902,053	\$ 2,980,646

FAMILY SERVICE THAMES VALLEY

Fundraising Activities

(Schedule 2)

Year Ended March 31, 2024

	2024	2023
Fundraising revenues		
Magic show	\$ 15,741	\$ -
Fundraising expenses		
Magic show	448	-
Excess of Revenues Over Expenses For The Year	\$ 15,293	\$ -