

**Algoma Family Services
Financial Statements
For the year ended March 31, 2020**

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Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

To the Members of Algoma Family Services

Opinion

We have audited the accompanying financial statements of Algoma Family Services (the Organization), 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 a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Algoma Family Services as at March 31, 2020 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.

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 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 these 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.

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.

Independent Auditor's Report (continued)

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

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
June 25, 2020

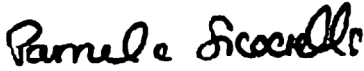
Algoma Family Services
Statement of Financial Position


March 31	2020	2019
Assets		
Current		
Cash	\$ 1,173,066	\$ 1,237,131
Receivables	296,110	255,774
	1,469,176	1,492,905
Capital assets (Note 2)	1,935,824	2,024,622
Restricted cash (Note 3)	62,831	62,831
	\$ 3,467,831	\$ 3,580,358

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 824,636	\$ 649,680
Grants repayable (Note 6)	51,658	51,658
Deferred revenue (Note 7)	22,399	179,794
Current portion of long-term debt (Note 8)	87,798	85,932
	986,491	967,064
Long-term debt (Note 8)	127,070	214,846
Deferred capital contributions (Note 9)	298,423	338,757
	1,411,984	1,520,667
Net assets		
Reserves (Note 10)	195,566	196,353
Investment in capital assets	1,422,533	1,385,087
Unrestricted net assets	374,917	415,420
Restricted	62,831	62,831
	2,055,847	2,059,691
	\$ 3,467,831	\$ 3,580,358

On behalf of the Board:

 Director

 Director

Algoma Family Services Statement of Operations

For the year ended March 31	2020	2019
Revenue		
Government grants	\$ 9,664,794	\$ 9,308,633
Operational revenue - other	812,530	554,443
Rental income	12,476	7,824
Donations from Algoma Family Services Foundation (Note 13)	78,008	131,992
Fees	41,287	16,974
Amortization of deferred capital contributions (Note 9)	42,614	65,538
Other	458,038	455,293
	11,109,747	10,540,697
Expenses		
Advertising and promotion	19,550	27,935
Amortization	148,259	173,416
Contracted services	661,038	620,842
Insurance	29,777	25,783
Interest on long-term debt	5,645	7,435
Memberships	23,479	26,284
Occupancy costs	351,476	375,843
Office	144,844	136,743
Professional fees	173,326	249,827
Program costs	855,564	953,200
Salaries, wages and employee benefits	8,390,318	7,610,314
Travel and training	310,315	324,295
	11,113,591	10,531,917
Excess (deficiency) of revenue over expenses	\$ (3,844)	\$ 8,780

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

Algoma Family Services
Statement of Changes in Net Assets

	Reserves	Invested in Capital Assets	Unrestricted Net Assets	Restricted Assets	Total
Balance at March 31, 2018	\$ 155,593	\$ 1,435,877	\$ 396,610	\$ 62,831	\$ 2,050,911
2019					
Excess (deficiency) of revenues over expenses	-	(173,416)	182,196	-	8,780
Capital assets disposed	-	(29,312)	29,312	-	-
Deferred contribution of capital assets	-	67,818	(67,818)	-	-
Principal payments on debt	-	84,120	(84,120)	-	-
Transfer to reserve	45,887	-	(45,887)	-	-
Transfer from reserve	(5,127)	-	5,127	-	-
Balance at March 31, 2019	196,353	1,385,087	415,420	62,831	2,059,691
2020					
Excess (deficiency) of revenues over expenses	-	(148,259)	144,415	-	(3,844)
Capital assets acquired	-	59,460	(59,460)	-	-
Deferred contribution of capital assets	-	40,335	(40,335)	-	-
Principal payments on debt	-	85,910	(85,910)	-	-
Transfer from reserve	(787)	-	787	-	-
Balance at March 31, 2020	\$ 195,566	\$ 1,422,533	\$ 374,917	\$ 62,831	\$ 2,055,847

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

Algoma Family Services Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ (3,844)	\$ 8,780
Items not involving cash		
Amortization of capital assets	148,259	173,416
Amortization of deferred contributions	(42,614)	(65,538)
Disposal of capital assets	-	29,312
	<u>101,801</u>	<u>145,970</u>
Changes in non-cash working capital balances		
Receivables	(40,336)	30,034
Prepaid expenses	-	14,308
Accounts payable and accrued liabilities	174,955	(145,009)
Grants repayable	-	519
Deferred revenue	(157,395)	102,032
Deferred capital contributions	2,280	(2,280)
	<u>81,305</u>	<u>145,574</u>
Cash flows from investing activities		
Purchase of capital assets	(59,460)	-
Cash flows from financing activities		
Principal payments on long-term debt	(85,910)	(84,120)
	<u>(64,065)</u>	<u>61,454</u>
Increase (decrease) in cash and equivalents	(64,065)	61,454
Cash, beginning of year	<u>1,237,131</u>	<u>1,175,677</u>
Cash, end of year	\$ <u>1,173,066</u>	\$ <u>1,237,131</u>

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

Algoma Family Services

Notes to Financial Statements

March 31, 2020

1. Summary of significant accounting policies

Nature of Operations Algoma Family Services was incorporated under the Ontario Business Corporations Act on April 1, 2001. The Organization is principally involved in providing children's mental health, treatment and crisis response, adult and family counselling, employee assistance programs, family support services, substance abuse counselling and young offender's services to the District of Algoma. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes under section 149(1)(f) of the Act.

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

Revenue Recognition The Organization 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.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Restricted assets Certain amounts, as approved by the Board of Directors, are set aside as restricted net assets for future operating expenditures.

Capital Assets Capital assets are recorded at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is provided by the declining balance basis using the following rates:

Land improvements	- 5%
Buildings	- 5%
Furniture and equipment	- 10% - 30%
Computer equipment	- 30%
Computer software	- 50%
Automotive	- 30%

Financial Instruments Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, they are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

Use of Estimates The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Algoma Family Services Notes to Financial Statements

March 31, 2020

2. Capital assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 165,726	\$ -	\$ 165,726	\$ -
Land improvements	24,151	10,344	24,151	9,848
Buildings	3,688,710	2,184,484	3,688,710	2,105,314
Furniture and equipment	604,348	464,822	604,348	449,320
Computer equipment	710,290	651,012	680,142	632,075
Computer software	212,871	167,402	183,560	136,589
Automotive	75,727	67,935	75,727	64,596
	\$ 5,481,823	\$ 3,545,999	\$ 5,422,364	\$ 3,397,742
Net book value		\$ 1,935,824		\$ 2,024,622

3. Restricted cash

The Organization holds cash which has been either internally or externally restricted for specific purposes. The funds on hand from the sale of the Residential Treatment Unit have been externally restricted by the funder. The other restricted cash has been internally restricted by the Board of the Organization.

The restricted cash balances include the following:

	2020		2019	
Residual funds from sale of Clarica shares	\$ 18,106	\$	18,106	\$
Residual funds from sale of MacKenzie shares	681		681	
Residual funds from sale of Residential Treatment Unit	44,044		44,044	
	\$ 62,831	\$	62,831	\$

4. Line of credit

The Organization has an authorized line of credit of \$500,000 at a rate of prime plus 0.5%. At March 31, 2020, the credit is unused.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of nil (March 31, 2019 - \$11,386).

Algoma Family Services
Notes to Financial Statements

March 31, 2020

6. Grants repayable

	2020	2019
Ministry of Children and Youth Services	\$ 40,939	\$ 40,939
Ministry of Community and Social Services	10,719	10,719
	\$ 51,658	\$ 51,658

7. Deferred revenue

	2020	2019
Balance, beginning of year	\$ 179,794	\$ 77,762
Grants deferred in the year	-	171,690
Amounts included in revenue	(157,395)	(69,658)
	\$ 22,399	\$ 179,794

8. Long-term debt

	2020	2019
Loan payable \$7,630 monthly which includes interest at 2.15% per annum, secured by specific buildings and a general security agreement, maturing July 2021	\$ 214,868	\$ 300,778
Less current portion	87,798	85,932
	\$ 127,070	\$ 214,846

Principal payments required on long term debt for the next three years, assuming similar refinancing, are due as follows:

Year	Amount
2121	\$ 87,798
2122	87,798
2123	39,272
	\$ 214,868

**Algoma Family Services
Notes to Financial Statements**

March 31, 2020

9. Deferred capital contributions

Government grants were received to finance the purchase of certain capital assets. Deferred grants related to capital assets represent the unamortized amount of grants received.

	2020	2019
Balance, beginning of year	\$ 338,757	\$ 406,575
Amortization of deferred capital contributions	(42,614)	(65,538)
Deferred capital contribution adjustment	2,280	(2,280)
Balance, end of year	\$ 298,423	\$ 338,757

10. Reserves

	2020	2019
Energy break	\$ 28,687	\$ 28,687
EAP / Fee for service	34,784	34,784
Triple P	85,118	85,905
Supervised Access Program	4,263	4,263
Miscellaneous	42,714	42,714
	\$ 195,566	\$ 196,353

11. Commitments

The Organization is committed under operating leases of rental properties, a vehicle and computer equipment extending for various periods to 2025. Future minimum annual payments required over the next five years are as follows:

2021	\$	35,894
2022	\$	23,710
2023	\$	13,110
2024	\$	5,539
2025	\$	1,819

12. Economic dependence

The Organization has a number of agreements with the Provincial Government. As a result of the amount of funding received under these agreements, the Organization was financially dependent on the Provincial Government.

Algoma Family Services Notes to Financial Statements

March 31, 2020

13. Algoma Family Services Foundation

The Organization has an economic interest in the Algoma Family Services Foundation as the purpose of the Foundation is to receive and maintain funds to enhance or supplement the children's mental health programs and services available through the Organization.

During the year \$60,000 (2019 - \$150,000) was donated from the Foundation.

During the year the Foundation utilized office space of the Organization at no cost.

Donations from the Algoma Family Services Foundation recorded on the Statement of Operations are as follows:

	<u>2020</u>	<u>2019</u>
Funding received	\$ 60,000	\$ 150,000
Deferred revenue, beginning of year	18,011	3
Deferred revenue, end of year	<u>(3)</u>	<u>(18,011)</u>
	<u>\$ 78,008</u>	<u>\$ 131,992</u>

14. Financial instrument risk

The Organization's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk arises from the organization's management of accounts payable and other current liabilities. It is the risk that the organization will encounter difficulty in meeting its financial obligations as they fall due. The organization's policy to minimize this risk is to ensure an adequate line of credit exists for the organization.

Credit risk

Credit risk arises principally from the organization's cash and receivables. The cash is exposed to concentration risk as it is held with one institution and is in excess of the Canadian Deposit Insurance Corporation limits, however the cash is held at a reputable institution from which management believes the risk of loss to be remote. The organization is also exposed to credit risk resulting from the possibility that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk

Interest rate risk arises principally from the organization's credit facility. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The credit facility has a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The organization does not use derivative financial instruments to alter the effect of this risk.

Algoma Family Services Notes to Financial Statements

March 31, 2020

15. COVID-19 considerations

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impacts to the organization and its funders. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry and workforce. As a result, management anticipates a temporary decline in donations from Algoma Family Services Foundation and potentially some one-time funding. Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time. These financial statements reflect costs in relation to COVID-19 in the amount of \$47,758.

16. Comparative figures

Comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.