

Algoma Family Services
Financial Statements
For the year ended March 31, 2023

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For the year ended March 31, 2023

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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, 2023 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, 2023 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.



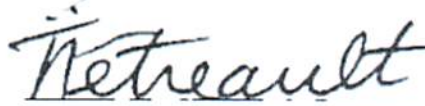
Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
June 27, 2023

Algoma Family Services
Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash	\$ 2,011,245	\$ 1,338,516
Receivables	494,389	239,811
Prepaid expenses	388	22,262
	2,506,022	1,600,589
Capital assets (Note 2)	4,984,975	3,010,349
Restricted cash (Note 3)	62,831	62,831
	\$ 7,553,828	\$ 4,673,769
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 1,762,094	\$ 848,674
Grants repayable (Note 6)	220,671	88,631
Deferred revenue (Note 7)	82,279	140,973
Current portion of long-term debt (Note 8)	-	37,724
	2,065,044	1,116,002
Deferred capital contributions (Note 9)	1,703,682	604,979
	3,768,726	1,720,981
Net assets		
Reserves (Note 10)	149,396	154,093
Investment in capital assets	3,281,293	2,367,646
Unrestricted net assets	291,582	368,218
Restricted	62,831	62,831
	3,785,102	2,952,788
	\$ 7,553,828	\$ 4,673,769

On behalf of the Board:


_____ Director


_____ Director

Algoma Family Services Statement of Operations

For the year ended March 31	2023	2022
Revenue		
Government grants	\$ 12,428,777	\$ 11,075,815
Operational revenue - other	576,128	786,871
Rental income	22,104	15,746
Fees	76,547	69,830
Amortization of deferred capital contributions (Note 9)	96,488	38,157
Cost recoveries	275,028	203,906
Other	319,859	243,104
	13,794,931	12,433,429
Expenses		
Advertising and promotion	20,419	17,697
Amortization	293,630	178,381
Contracted services	1,071,822	781,309
Insurance	52,250	34,505
Interest on long-term debt	197	1,824
Memberships	25,100	27,239
Occupancy costs	473,494	321,954
Office	148,417	91,326
Professional fees	228,016	117,505
Program costs	1,124,403	1,269,411
Salaries, wages and employee benefits	9,275,800	8,909,078
Travel and training	249,069	193,418
	12,962,617	11,943,647
Excess of revenue over expenses	\$ 832,314	\$ 489,782

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, 2021	\$ 195,566	\$ 1,866,185	\$ 338,424	\$ 62,831	\$ 2,463,006
2022					
Excess (deficiency) of revenues over expenses	-	(178,381)	668,163	-	489,782
Capital assets acquired	-	915,340	(915,340)	-	-
Deferred capital grants	-	(363,012)	363,012	-	-
Deferred contribution of capital assets	-	38,157	(38,157)	-	-
Principal payments on debt	-	89,357	(89,357)	-	-
Transfer from reserve	(41,473)	-	41,473	-	-
Balance at March 31, 2022	154,093	2,367,646	368,218	62,831	2,952,788
2023					
Excess (deficiency) of revenues over expenses	-	(293,630)	1,125,944	-	832,314
Capital assets acquired	-	2,268,256	(2,268,256)	-	-
Deferred capital grants	-	(1,195,191)	1,195,191	-	-
Deferred contribution of capital assets	-	96,488	(96,488)	-	-
Principal payments on debt	-	37,724	(37,724)	-	-
Transfer from reserve	(4,697)	-	4,697	-	-
Balance at March 31, 2023	\$ 149,396	\$ 3,281,293	\$ 291,582	\$ 62,831	\$ 3,785,102

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

Algoma Family Services Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Excess of revenue over expenses	\$ 832,314	\$ 489,782
Items not involving cash		
Amortization of capital assets	293,630	178,381
Amortization of deferred contributions	<u>(96,488)</u>	<u>(38,157)</u>
	1,029,456	630,006
Changes in non-cash working capital balances		
Receivables	(254,578)	103,558
Prepaid expenses	21,874	(22,262)
Accounts payable and accrued liabilities	913,421	(574,045)
Grants repayable	132,040	36,568
Deferred revenue	<u>(58,694)</u>	<u>(558,427)</u>
	<u>1,783,519</u>	<u>(384,602)</u>
Cash flows from investing activities		
Purchase of capital assets	(2,268,256)	(915,340)
Deferred capital contributions	<u>1,195,191</u>	<u>363,012</u>
	<u>(1,073,065)</u>	<u>(552,328)</u>
Cash flows from financing activities		
Principal payments on long-term debt	<u>(37,725)</u>	<u>(89,357)</u>
Increase (decrease) in cash and equivalents	672,729	(1,026,287)
Cash, beginning of year	<u>1,338,516</u>	<u>2,364,803</u>
Cash, end of year	<u>\$ 2,011,245</u>	<u>\$ 1,338,516</u>

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

Algoma Family Services Notes to Financial Statements

March 31, 2023

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, 2023

2. Capital assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 165,726	\$ -	\$ 165,726	\$ -
Land improvements	31,219	12,536	31,219	11,783
Buildings	6,915,235	2,545,251	4,906,571	2,368,112
Furniture and equipment	619,880	503,410	604,348	491,332
Computer equipment	885,935	780,742	885,935	727,408
Computer software	378,041	238,850	212,871	201,504
Automotive	154,616	84,888	75,727	71,909
	\$ 9,150,652	\$ 4,165,677	\$ 6,882,397	\$ 3,872,048
Net book value		\$ 4,984,975		\$ 3,010,349

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:

	2023	2022
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, 2023, the credit is unused.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$22,971 (2022 - \$18,679).

Algoma Family Services Notes to Financial Statements

March 31, 2023

6. Grants repayable

	2023	2022
Ministry of Children and Youth Services	\$ 40,935	\$ 40,939
Ministry of Community and Social Services	179,736	47,692
	\$ 220,671	\$ 88,631

7. Deferred revenue

	2023	2022
Balance, beginning of year	\$ 140,973	\$ 699,400
Capital grants deferred in the year	14,506	74,454
Amounts included in revenue	(73,200)	(632,881)
	\$ 82,279	\$ 140,973

8. Long-term debt

	2023	2022
Loan payable \$7,583 monthly which includes interest at 2.06% per annum, secured by specific buildings and a general security agreement, repaid during the year	\$ -	\$ 37,724
Less current portion	-	37,724
	\$ -	\$ -

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.

	2023	2022
Balance, beginning of year	\$ 604,979	\$ 280,124
Grants deferred in the year	1,195,191	363,012
Amortization of deferred capital contributions	(96,488)	(38,157)
	\$ 1,703,682	\$ 604,979

Algoma Family Services
Notes to Financial Statements

March 31, 2023

10. Reserves

	<u>2023</u>		<u>2022</u>
Energy break	\$ 25,758	\$	25,758
EAP / Fee for service	30,087		34,784
Triple P	40,018		40,018
Supervised Access Program	4,263		4,263
Miscellaneous	49,270		49,270
	<u>\$ 149,396</u>	<u>\$</u>	<u>154,093</u>

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 two years are as follows:

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.

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

In the last two years there have been no donations from the Algoma Family Services Foundation recorded on the Statement of Operations.

March 31, 2023

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.

15. Bill 124

Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for Future Generations Act, 2019". This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario government filed a Notice of Appeal with the Ontario Court of Appeal. The impact, if any, to the organization as a result of the Ontario Superior Court decision is not determinable at this time. As such, no provision has been made in the financial statements.